National Farm Products Marketing Council

Conseil national de commercialisation des produits agricoles

REPORT OF THE INQUIRY INTO THE MERITS OF ESTABLISHING A NATIONAL MARKETING AGENCY FOR POTATOES

FEBRUARY 1988

88-03206/

The National Farm Products Marketing Council was established in 1972 under the Farm Products Marketing Agencies Act, to supervise agencies set up to administer national and regional marketing plans. The Act allows producers of farm products (other than industrial milk and wheat) to develop national or regional marketing plans. Plans including supply management are allowed only for eggs, poultry, and tobacco. There are now four national agencies, for table eggs, turkey, chicken, and broiler hatching eggs.

In supervising the agencies, the Council advises the Minister of Agriculture on all matters relating to their establishment, operation and performance. It works with the agencies and provincial governments to promote more effective marketing of the regulated products in interprovincial and export trade. The Council has the power to call public hearings on any aspects of, or relating to, agency operations, as well as on any proposal to establish a new agency. In conducting such hearings, the Council has equivalent powers of a Commissioner appointed under Part I of the Inquiries Act.

CONTENTS

Conclusions and Recommendations of the National Farm Products Marketing Council.

Report of the Inquiry into the merits of establishing a national marketing agency for potatoes.

© Minister of Supply and Services Canada 1988

Cat. No. A99-1/4-1988E

ISBN 0-662-15954-3

National Farm Products Marketing Council
270 Albert Street
P.O. Box 3430, Station D
Ottawa, Ontario
K1P 6L4

Conseil national de commercialisation des produits de ferme
270 rue Albert
C.P.3430,station D
Ottawa (Ontario)
K1P 6L4

February 2, 1988

MEMORANDUM TO: The Honourable John Wise
Minister of Agriculture

FROM: Ralph J. Barrie
Chairman

SUBJECT: Report of the Inquiry into the merits of establishing a national marketing agency for potatoes

I have the pleasure of submitting to you the Report of the Inquiry into the merits of establishing a national marketing agency for potatoes, together with the conclusions and recommendations of the National Farm Products Marketing Council.

Ralph J. Barrie
Chairman
National Farm Products
Marketing Council

Canada

(613) 995-2297 Telex: 053-4188 ENVOY NFPMC

INQUIRY INTO THE MERITS OF ESTABLISHING A NATIONAL AGENCY FOR POTATOES NATIONAL FARM PRODUCTS MARKETING COUNCIL

CONCLUSIONS AND RECOMMENDATIONS

CONCLUSIONS

On the basis of its analysis of the evidence presented at the hearing, the report of the inquiry prepared by the Panel and the Profile of the Canadian Potato Industry prepared by Agriculture Canada, the NFPMC has concluded that:

1. **The Task Force proposal for a marketing plan for all potatoes, as presented, cannot be supported at this time.** The proposal sets out a basic framework for the establishment of a national agency with powers of supply control, allocation of marketing quota, price setting, surplus removal and import control. The Task Force did not establish that it needed all of these powers to ensure market stability, profitability and the long-term growth of the whole industry.

   The Task Force is to be commended on its efforts to find solutions to industry marketing problems. It undertook this complex and difficult task in the absence of the substantial financial and technical resources required to conduct an indepth analysis of the potato industry and without a national producer organization to act as a focal point for the development of a solution to the marketing problems.

2. **There is merit in and producer support for the establishment of a national potato agency with the power to prepare a strategy for the longer-term development of the potato industry and to implement programs of market information, promotion, domestic and export market development and research.**

3. **The processing sector should not be a part of any supply control marketing plan.** The processing sector is managed in a different manner from the tablestock and seed sectors. The processing growers with pre-plant contracts do not experience the severe marketing problems found in the tablestock and seed sectors. Intervenors from the processing sector presented convincing arguments in support of their contention that the sector was reasonably profitable, stable, producing a product which is part of an expanding export market, and effectively controlling supply.

4. **Even though it will not be a part of a supply control marketing plan the processing sector should be included in a national agency.** Inclusion of the processing sector is required because it would provide a means of ensuring the exchange of planning information, provide for consultation between the sectors, and

ensure that the orderly marketing of tablestock and seed is not adversely affected by the processing sector.

5. **All sectors of the industry and consumers should be represented on the board of directors of a national agency in order to provide an opportunity for them to advise the agency on promotion, market development, research and policy issues.**

6. **There is an immediate need to take action to reduce the volatility and instability of the tablestock and seed markets.** There was a consensus among intervenors that the majority of the potato industry's marketing problems were to be found in the tablestock and seed sectors. Reducing the volatility and improving the stability of the tablestock and seed sectors can only be achieved through the establishment of orderly control over supply in these two markets. This course of action was not fully examined during the inquiry;

7. The Council also concludes from the evidence presented to the inquiry that:

   (i) **the implementation of a supply control marketing plan for tablestock and seed could result in producers achieving a reasonable and stable return. This may be achieved through a market-driven price-setting process without having to resort at this stage to the use of a cost of production formula;**

   (ii) **a marketing plan for tablestock and seed must incorporate a means of ensuring that producers who grow for the export market are protected from decreases in export sales and that opportunities to expand the export market can be captured;**

   (iii) **the marketing plan for tablestock and seed must include a means to protect producers who grow for the processing market if they lose their pre-plant contract with the processor, and to permit producers to produce for any or all of the seed, table and processing sectors;**

   (iv) **any marketing plan for tablestock and seed must establish the terms and conditions of reciprocal access to both the Canadian and USA markets;**

   (v) **the marketing plan should be developed in full consultation with consumers, processors, and those in other sectors of the industry or with a direct interest in the potato market.** A national consultative process should be established to advise on development of the strategy and marketing plan. When the marketing plan for tablestock and seed is completed it should be submitted to the NFPMC. The Council in accordance with its mandate as set out in the FPMA Act, should undertake proper consultations on the agency's marketing plan.

RECOMMENDATIONS

The National Farm Products Marketing Council recommends that:

1. A marketing agency should be established to:

   (a) be known as the Canadian Potato Marketing Agency;

   (b) have all the powers included in Section 23 of the Farm Products Marketing Agencies Act, except those powers related to the setting of price and the fixing and determining of the quantity of potatoes to be marketed in interprovincial or export trade;

   (c) exercise its powers in respect of all potatoes grown in Canada;

   (d) have a Board of Directors comprised of primary producers, as well as persons representing other sectors of the industry, and consumers, (pursuant to Section 18 of the Act);

   (e) implement programs of market information, promotion, domestic and export market development and research;

   (f) prepare a strategy for the longer-term development of the potato industry.

2. The Agency, when established, should consult with producers, consumers, processors, retailers and others with a direct interest in the industry with a view to obtaining their advice on the development of a longer-term strategy and of a marketing plan for the regulation and control of the quantity of tablestock and seed potatoes to be marketed in interprovincial or export trade.

3. When the Agency develops a marketing plan for the regulation and control of tablestock and seed potato marketings, the plan must be submitted to the Council for its review in accordance with the requirements of the Act.

4. The Agency be provided with financial assistance as provided for in Section 29(1) of the Act.

Implementation

Subject to approval of the recommendations, the NFPMC will work with the National Potato Agency Task Force, provincial governments and Agriculture Canada to implement recommendation one.

National Farm Products Marketing Council
270 Albert Street
P O Box 3430, Station D
Ottawa, Ontario
K1P 6L4

Conseil national de commercialisation des produits de ferme
270 rue Albert
C P 3430,station D
Ottawa (Ontario)
K1P 6L4

Our file: 1465-P1-7

December 15, 1987

Mr. Ralph Barrie
Chairman
National Farm Products
Marketing Council
P.O. Box 3430, Station D
Ottawa, Ontario
K1P 6L4

Dear Mr. Barrie:

We are pleased to submit herewith the report of the Panel appointed by the NFPMC to inquire into the merits of establishing a national potato marketing agency.

The Panel was initially established with Mr. Glenn Flaten as Chairman and Madame Lise Bergeron and myself as members. The Panel commenced its inquiry in mid-March 1987 and proceeded to hearing sessions in Charlottetown, Fredericton and Toronto. At the conclusion of the Toronto session, the hearing was adjourned pending an application for an injunction to the Federal Court of Canada, the details of which are described in Chapter I of our report.

Upon the Federal Court rejection of the application for an injunction, the hearing recommenced under my Chairmanship with Madame Bergeron as panel member. Hearing sessions were then held in Quebec, Winnipeg, Edmonton and Richmond, British Columbia.

Summary hearing sessions were held in Ottawa, July 15-16-17, 1987. At the final session on July 17, the Panel stated that it would develop and circulate a summary of key points and issues raised by the intervenors. This summary was distributed and responded to by a number of intervenors. The summary, together with an analysis of the statistical data provided to the hearing, form the basis for Chapters II, III, IV and V of this report.

.../2

The Panel, in making its report and in arriving at its analysis in Chapter VI, has considered all aspects of matters raised by the National Potato Agency Task Force and the various other intervenors. The report expresses our view that there is, indeed, a problem in the primary sector of the Canadian potato industry. In our opinion the creation of a national agency is a necessary first step towards overcoming this problem and the development of a strengthened Canadian potato growing industry.

Chapter VI analysis of our report describes the problems in the industry, the Panel's views on the necessary corrective action and our assessment of the Task Force Proposal. We believe that it provides a good basis for the preparation of the Council's recommendations to the Minister of Agriculture on the merits of establishing a national potato agency.

Yours sincerely,

G.G.E. Steele
Chairman

Lise Bergeron
Member

REPORT OF THE INQUIRY INTO THE MERITS OF ESTABLISHING A NATIONAL MARKETING AGENCY FOR POTATOES

December 1987

ACKNOWLEDGMENTS

The Panel wishes to acknowledge the work of the many individuals and groups who contributed their knowledge, expertise and assistance to this inquiry into the Canadian potato industry.

In addition to the National Potato Agency Task Force which appeared at the hearing the Panel acknowledges the various points of view and the voluminous information presented by the various intervenors throughout the hearing.

The Panel would like to thank Paul Sereda and Shirley Street of Agriculture Canada for their work in preparing the Profile of the Canadian Potato Industry and in analysing data on the industry, as well as other officers in Agriculture Canada who assisted in various aspects of the analysis for the inquiry.

The Panel particularly wishes to express its appreciation to Nelson Ball, Technical Coordinator for the inquiry, as well as to the various Council staff members who supported and contributed to the conduct of the inquiry.

DATA AND INFORMATION SOURCES

1. All calculations, charts and tables in this report have been derived from data contained in the Profile of the Canadian Potato Industry prepared by Agriculture Canada, unless otherwise noted, and are on a crop year basis.

2. All information used in the preparation of the report has been extracted from the written submissions received by the Council, evidence presented at the public hearing sessions, responses from intervenors to the Panel's Summary of Key Points and Key Issues, the Profile of the Canadian Potato Industry, and Statistics Canada publications.

CONTENTS

I. INTRODUCTION..... 1
Legislative Requirements: The Process..... 1
The Proposal..... 1
The Proceedings..... 2

II. PAST POLICY AND PROGRAM RESPONSE TO INDUSTRY PROBLEMS..... 5
Historical Review..... 5
National and Provincial Legislation..... 7
National Growers' Organization..... 8
Stabilization..... 9

III. POTATO PRODUCTION..... 10
Economic Importance..... 10
Farm Size and Structure..... 10
Potato Production..... 12
Potato Prices..... 14
Impact of Production and Price Trends on Producers..... 19

IV. MARKETING..... 23
Introduction..... 23
Domestic Tablestock and Seed Markets..... 24
The Domestic Processing Market..... 30
The Export Market..... 34
Potato Imports..... 39

V. SYNTHESIS..... 43
Powers to be Granted to a National Agency.. 43
Supply Management..... 44
Allocation of Marketing Quotas..... 45
Price Setting..... 48
Surplus Removal..... 52
Import Controls..... 53
Other Alternatives..... 55

VI. ANALYSIS..... 60
Introduction..... 60
The Industry's Problem..... 60
Resolving the Industry's Problem..... 61
The Task Force Proposal..... 63

APPENDICES

A. Statistics..... 66

B. List of Intervenors..... 89

C. Conclusions and Recommendations from NFPMC 1980 Inquiry..... 92

I. INTRODUCTION

LEGISLATIVE REQUIREMENTS: THE PROCESS

A principal responsibility of the National Farm Products Marketing Council (NFPMC) under the Farm Products Marketing Agencies Act, S.C. 1970-71-72, c. 65, is "to advise the Minister (of Agriculture) on all matters relating to the establishment and operation of agencies under the Act with a view to maintaining and promoting an efficient and competitive agriculture industry" (Section 6 (1) (a)).

The Act allows marketing plans to be developed for farm products other than industrial milk and wheat. Plans including supply management (the regulation of production by quotas) are allowed only for eggs, poultry and tobacco.

The Act requires the NFPMC to conduct an inquiry into the merits of establishing an agency, and to satisfy itself that a majority of producers favour such action, "on receipt of a written request from one or more associations representing a significant number of persons engaged in the growing or production of the farm product or farm products in Canada, or if directed to do so by the Minister..." (Section 7 (1) (a)).

Public hearings are mandatory with respect to such an inquiry and the NFPMC may exercise "all powers of a commissioner appointed under Part I of the Inquiries Act" (Section 8 (5)).

The NFPMC must report its recommendations to the Minister "including the terms of an appropriate marketing plan where, in its opinion, it is appropriate that an agency be vested with power to implement such a plan..." (Section 7 (1) (a)).

The Minister will then decide whether or not to initiate federal-provincial negotiations towards an agreement on an agency. In addition to the NFPMC's recommendations, the Minister may base his decision on the degree of provincial government support.

If and when a federal-provincial agreement is achieved and signed by all necessary parties (which include the federal and provincial ministers of agriculture), the federal Minister will take it to Cabinet for approval and proclamation of the agency.

The Governor in Council may proclaim the establishment of an agency "where he is satisfied that a majority of the producers of the farm product... is in favour of the establishment of an agency" (Section 17 (1)). The Governor in Council may request provincial producer plebescites to establish majority support.

THE PROPOSAL

In March 1986, the Canadian Horticultural Council set up a task force to develop a proposal for a national potato marketing agency. This

National Potato Agency Task Force (Task Force) represented potato grower organizations from nine provinces: Prince Edward Island, Nova Scotia, New Brunswick, Quebec, Ontario, Manitoba, Saskatchewan, Alberta and British Columbia.

In November 1986, the Task Force presented its proposal to the Minister of Agriculture. The proposal called for an agency to assist in the orderly marketing of potatoes under a national supply management scheme. As the FPMA Act restricts such schemes to eggs, poultry and tobacco, the Task Force asked the Minister to amend the Act to include potatoes as one of the named commodities. The Task Force also asked that the NFPMC proceed to public hearings on the proposal.

Early in December 1986, the Minister gave an undertaking to seek an amendment to the Act so that growers could explore the possibilities of setting up a national agency, and directed the NFPMC to begin the public hearing process.

This was the second time that the NFPMC had considered a proposal for a marketing agency for potatoes. In 1980, the Minister of Agriculture had supported a recommendation by the NFPMC for a regional marketing agency for potatoes in eastern Canada. However, the five eastern provinces concerned (Prince Edward Island, Nova Scotia, New Brunswick, Quebec and Ontario) were unable to reach a consensus on the terms of a federal-provincial agreement and marketing plan for the agency.

THE PROCEEDINGS

Beginning December 18, 1986, the NFPMC published a notice in daily, weekly and farm newspapers across Canada, and in the Canada Gazette. It announced that a public hearing would be held as part of an inquiry into the merits of establishing a national potato marketing agency, and that the inquiry would include the following:

a) an assessment of the current status of Canadian potato producers and the potential effects on them of establishing a national agency;

b) an analysis of the current status of the potato industry and the potential stabilizing and beneficial effects a national agency may create over time, taking one year with another, and within each marketing season;

c) a determination of the potential for ensuring that under the operation of an agency, consumers will be assured of receiving a secure supply of a quality product at a reasonable price;

d) an assessment of the degree of federal-provincial co-operation required to implement the proposed national marketing plan;

e) a review of the terms, assertions, and the draft marketing plan contained in the potato proposal under consideration;

f) an assessment of whether any restrictions should be placed on the activities of a potato agency or on any of the powers to be acquired through the operation of Section 23 of the Act.

The NFPMC called for briefs by February 27, 1987, and received 63 submissions by that date. These were placed on a public file, as were all other documents and evidence subsequently filed during the inquiry. All this material was available for public examination at each hearing session and at NFPMC offices in Ottawa.

Council members appointed to the public hearing Panel were Glenn Flaten (Chairman), Mme Lise Bergeron and G.G.E. Steele.

A prehearing conference was held in Ottawa on March 25, 1987, for all interested parties to consider dates and locations for sessions of the hearings, and discuss procedural matters. It was agreed to hold hearing sessions in Charlottetown, P.E.I., on April 28 to May 1; Fredericton, N.B., on May 5 and 6; Toronto, Ontario, on May 11 and 12; Winnipeg, Manitoba, on May 14; Sainte Foy, Quebec, on May 20 and 21; Edmonton, Alberta on May 26, and Richmond, B.C., on May 28.

Public hearing sessions were temporarily suspended following that in Toronto (May 11 and 12), pending a Federal Court decision on an application for an injunction to adjourn the hearing. The application was filed by the Consumers' Association of Canada, four major Canadian potato processors (Cavendish Farms Limited; McCain Foods Limited; Carnation Foods Company Limited; and York Farms) and the Canadian Food Processors Association.

The applicants contended that the agency proposal under consideration was too vague and that more details should be provided by the Task Force that originally developed the proposal. It was also alleged that Panel Chairman Glenn Flaten could appear to be biased because the previous year he had attended three meetings of the Task Force. Mr. Flaten decided to withdraw from the Panel to prevent any further delay in the hearing process.

The application was heard in the Federal Court (Trial Division) on May 28, 1987, and dismissed June 2, 1987. The NFPMC then resumed the hearing and rescheduled sessions in Sainte Foy, Quebec, on June 16 and 17; Winnipeg, Manitoba, on June 23 and 24; Edmonton, Alberta on June 26, and in Richmond, B.C., on June 29. Summary arguments and final statements were presented in Ottawa on July 15, 16 and 17. Mme Bergeron and Mr. Steele continued as the hearing Panel, with Mr. Steele as Chairman.

At the final session in Ottawa, Mr. Steele announced that before writing a report for the NFPMC, the Panel would prepare a summary of the key points made and key issues raised during the hearing, which would be circulated to all intervenors for comment. The summary was distributed September 5, 1987, and comments requested by October 8, 1987. Twenty-three responses were received and were included in the public record of the inquiry.

The summary, together with information and statistical data presented to the hearing, form the basis for the Panel's report to the NFPMC and the NFPMC's recommendations to the Minister of Agriculture.

II. PAST POLICY AND PROGRAM RESPONSE TO INDUSTRY PROBLEMS

HISTORICAL REVIEW

During the past 12 years, potato producers have made numerous attempts to deal with the instability in the potato industry.

Early in 1975, a Potato Action Committee, representing potato growers in Prince Edward Island, Nova Scotia, New Brunswick, Quebec and Ontario, was set up at the initiative of the Prince Edward Island and New Brunswick governments. Its aim was to develop and implement a potato marketing plan for eastern Canada.

Later that year, in August, the Committee took part in a producer conference on potato marketing organized by the Canadian Federation of Agriculture and the Canadian Horticultural Council. Producers from western provinces were also invited to attend, as was the NFPMC. While it was generally agreed that there was a need to bring potato marketing in eastern Canada more firmly under control, and that price and supply instability must be reduced, participants reached no consensus as to how this should be achieved although the marketing board systems in British Columbia and Manitoba were discussed at length.

Little concrete action on a marketing plan followed the conference; however, between 1975 and 1981, several provinces took steps to set up their own marketing structures for potatoes. A potato marketing board already existed in Prince Edward Island (since 1956), a potato commission in Alberta (1966), and, in Manitoba, potatoes were being marketed through a vegetable marketing board (established in 1972). In 1975, a marketing board for processing potatoes was set up in Ontario, and one for tablestock potatoes in 1979. In Saskatchewan, a vegetable marketing commission was established in 1978, and potato marketing organizations set up in Quebec and New Brunswick in 1979. British Columbia established a vegetable marketing commission in 1980 and a potato marketing board got under way in Nova Scotia in 1981. (The powers and authorities of the different potato marketing bodies are tabulated on page 7.)

Also, in April 1979, the Eastern Canada Potato Producers Council was incorporated after two years of informal operations.

In December 1979, following three years of low prices, the federal Minister of Agriculture set up a federal-provincial task force, comprised of government and producer representatives, to work towards a solution. The task force was short lived, however, meeting only until March 1980.

Following the change in federal government early in 1980, the new federal Minister of Agriculture met with the ministers of agriculture in the eastern provinces in April 1980, to explore the possibilities of setting up some form of marketing arrangement among these provinces.

A new federal-provincial committee was then set up to work with members of the Eastern Canada Potato Producers Council to develop a proposal for a regional marketing agency. This proposal was presented to the NFPMC in July 1980.

This proposal called for the establishment of a regional agency to co-ordinate the production and marketing of all potatoes (i.e., tablestock, seed and processing potatoes) through a marketing quota system; to set minimum farm-gate prices based on cost of production plus a reasonable return; to institute a central selling policy; to establish an effective assembly, transportation and handling system; to develop export and domestic markets for eastern Canada potatoes; to gather and distribute market information; and to carry out research and promotion programs. As required by the FPMA Act, the NFPMC undertook an inquiry into the merits of establishing such an agency, which included holding public hearing sessions across eastern Canada during September 1980.

The NFPMC found considerable support among potato growers for the concept of a regional marketing agency, but not for one with supply management powers. It recommended to the Minister of Agriculture that such an agency be established, and noted that the industry needed more time to become familiar with the functioning of an agency, and for the provinces to gain experience in working together in the potato industry. It therefore recommended that any marketing plan be reviewed within two years of the establishment of an agency. (See Appendix C for the conclusions and recommendations of the NFPMC's 1980 inquiry.)

With the support of the federal minister, federal-provincial negotiations on an agreement for a marketing plan began in February 1981. The agency's primary functions would have been to administer prices and operate a surplus removal program in conjunction with provincial self-administered supply programs aimed at realistic but voluntary supply targets.

Progress was slow, and in 1983, negotiations reached a stalemate, when provincial representatives were unable to resolve an issue concerning the voting procedure to establish prices.

At this stage, the NFPMC visited each provincial minister of agriculture in eastern Canada to ascertain the provincial position on forming the agency. Ontario, New Brunswick and Nova Scotia supported the proposed marketing plan. The Quebec minister had reservations. In Prince Edward Island, neither the marketing board nor the minister would accept the terms of the agreement.

Meanwhile, some producers in western Canada had indicated interest in forming a national agency, based on the eastern plan, but with some major differences. This agency would concern itself only with fresh, or tablestock potatoes; it would operate a supply management program (which would necessitate an amendment to the FPMA Act to list potatoes as a commodity which may be marketed under supply management); it would operate on the basis of two regional markets (east and west); there would be no surplus removal program.

POWERS AND AUTHORITIES OF POTATO MARKETING BODIES UNDER FEDERAL & PROVINCIAL LEGISLATION

	Supply Management			Price Setting			Levy Authority	Licencing Authority	Collect & Disseminate Market Information	Promotion/ Market Development	Research
	In Legislation	Delegated to Potato Mktg. Body	In Use by Body	In Legislation	Delegated to Potato Mktg. Body	In Use by Body					
FEDERAL	X(1)			X			X	X	X	X	X
Newfoundland	X	X	NO	X	X(2)	X	X	X	X	X	X
Prince Edward Island(3)	NO			X			X	X	X	X	
Nova Scotia	X	X	X	X	X	NO	X	X	X	X	
New Brunswick	X	X	NO	X	X	X(4)	X	X	X	X	X
Quebec	X	X(5)	NO	X	X	NO	X	X	X	X	
Ontario	X	NO		X	X(5)	X(5)	X	X	X	X	
Manitoba	X	X	X(5)	X	X	X	X	X	X	X	X
Saskatchewan	X	NO							X	X	
Alberta	X	NO					X	X	X	X	X
British Columbia	X	X	X	X	X	X	X	X	X	X	

(1) Amendment to FPMA Act would be required to add potatoes to list of commodities which can be marketed under supply management.
(2) Minimum prices
(3) P.E.I. Minister of Agriculture suspended operation of P.E.I. Potato Marketing Board in December 1987.
(4) For early crop potatoes only.
(5) For table potatoes only.

Following the breakdown of the eastern plan, producer representatives from the western provinces (British Columbia, Alberta, Saskatchewan and Manitoba) reached agreement in principle on their plan with representatives from Ontario, Quebec, New Brunswick and Nova Scotia.

In April 1985, representatives of this group met with the federal Minister of Agriculture to discuss the western proposal. He advised them to ensure that they had strong support from their provincial government before formally presenting their proposal or requesting an amendment to the FPMA Act.

Over the next year, producers continued their discussions, and at the March 1986 annual meeting of the Canadian Horticultural Council, the Potato Agency Task Force was established to develop a proposal for a national agency. This was the proposal under consideration by the NFPMC during its 1987 inquiry.

A separate inquiry into potato marketing practices was set up in May 1984. Headed by Judge F.G. Carter, a Royal Commission of Inquiry into Marketing Practices for the Potato Industry in Eastern Canada was given a two-year mandate to look at the industry structure, the role of growers, the suitability of the current marketing system and to consider the industry's potential future. However, following a change in the federal government in the fall of that year, the inquiry was cancelled in November, before its public hearings got under way.

NATIONAL GROWERS ORGANIZATION

There is no national organization devoted exclusively to dealing with production and marketing issues in the primary potato industry. The Potato Committee of the Canadian Horticultural Council functions as the national voice of primary producers and their representative provincial organizations. In addition both the Canadian Federation of Agriculture and the National Farmers Union speak on some issues on behalf of potato producers.

At the provincial and regional levels, there are a range of organizations which speak for the potato producer. These organizations vary from a producers association to a provincial marketing board to Potatoes Canada in the Atlantic region.

The Panel was informed that each province had developed its own approach to dealing with production and marketing issues. Intervenors suggested that the different approaches to potato marketing in each province were a reflection of (a) the importance of the industry to the economy of that province; (b) the economic alternatives available to producers and processors in the various provinces; (c) the producers and processors location in relation to major domestic and export markets; and (d) the province-to-province variation in soils and climate. Many intervenors noted the need for a national approach which would permit industry-wide consultation on national issues.

STABILIZATION

The Agricultural Stabilization Act allows the designation of commodities, such as potatoes, for price support, when required. Potatoes have been designated under the Act in seven of the past 16 years. A total of $75 million has been paid out, with payments being made for each crop year from 1976 to 1982 inclusively, and for 1985.

Producers have also received other types of financial assistance. In response to a request from the governments of P.E.I. and New Brunswick, the federal government shared the cost of an $18 million program with them to divert a portion of the 1985 crop in those provinces to animal feed and food aid. The federal and provincial governments made equal contributions to the program of $6 million in P.E.I. and $3 million in New Brunswick.

Quebec producers are protected from severe declines in price by a provincial income assurance program. This cost-shared producer-provincial government program was established in 1979 and has paid out in several years. It has a current deficit of $30 million. In 1985, the Quebec potato producers received $19.3 million net of premiums paid by producers under the program.

Ontario and British Columbia producers have also received government payments over the past five years. Ontario producers received $500,000 for the 1985 table crop. This program was completely funded by the provincial government.

In 1985, potato producers in British Columbia asked the federal government for a surtax on the import of US potatoes. The request was refused in favour of an anti-dumping investigation which resulted in the imposition of provisional duties as of December 1986. British Columbia producers received compensation of $1 million from the federal government to cover losses incurred on sales of the 1985 crop. In addition, British Columbia producers received payments from the provincial Farm Income Insurance program three out of the five years between 1982 and 1985.

III. POTATO PRODUCTION

ECONOMIC IMPORTANCE

Potatoes are produced in all ten provinces, the Northwest Territories and the Yukon. Potato production is important in all of these jurisdictions. Depending upon the size and scope of agriculture in the province or territory, potatoes may be a major contributor to provincial farm cash receipts, or an essential part of the horticultural cropping mix, or an important element in a government self-sufficiency policy.

Potatoes are very important to the economic health of agriculture in P.E.I. and New Brunswick. Over the 1981-85 period, potato production contributed 37 percent and 23 percent, respectively, of the total farm cash receipts in each of these provinces. Over 21 percent of all farms in P.E.I. and 12 percent of all farms in New Brunswick produced more than five acres of potatoes in 1986.

The importance of potato production in the other provinces and the territories cannot be adequately measured by analysing its contribution to farm cash receipts. In Ontario, Quebec, British Columbia and Nova Scotia, potato production often forms a key part of the mix of crops in a horticultural enterprise. In these provinces, the potato crop forms an important part of the farm cropping mix, contributes a significant portion of the farms cash receipts, and on individual farms, optimizes utilization of available land and labour and spreads equipment costs across more than one crop.

The potato industry in Manitoba and Alberta is composed of a small number of large, highly specialized, capital intensive operations. These operations are often totally dependent upon the potato crop. In 1986, these two provinces accounted for 25 percent of national potato acreage and supported a large processing industry.

Newfoundland, Saskatchewan and the Territories accounted for about 2 percent of Canadian acreage in 1986. Saskatchewan producers are small in number but are increasing production to serve their local market. Twenty four percent of all farms in Newfoundland reported potato production in 1986. Data is not available on the Territories.

FARM SIZE AND STRUCTURE

Farm Numbers and Acreage Trends

Over the past five years, the number of Canadian potato farms dropped 32 percent from 7,139 to 4,885. As Chart I illustrates, all provinces experienced a reduction in numbers of potato farms, however, some provinces experienced a more rapid decline than others.

CHART I

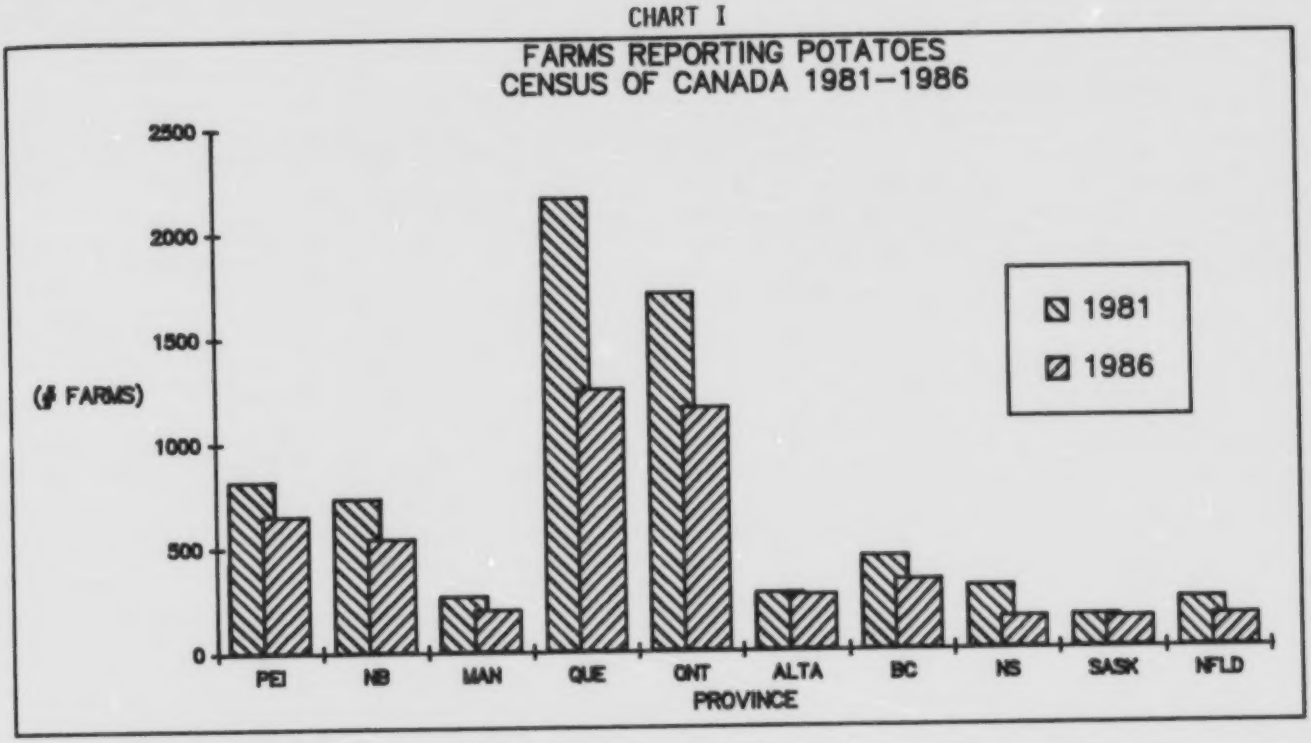
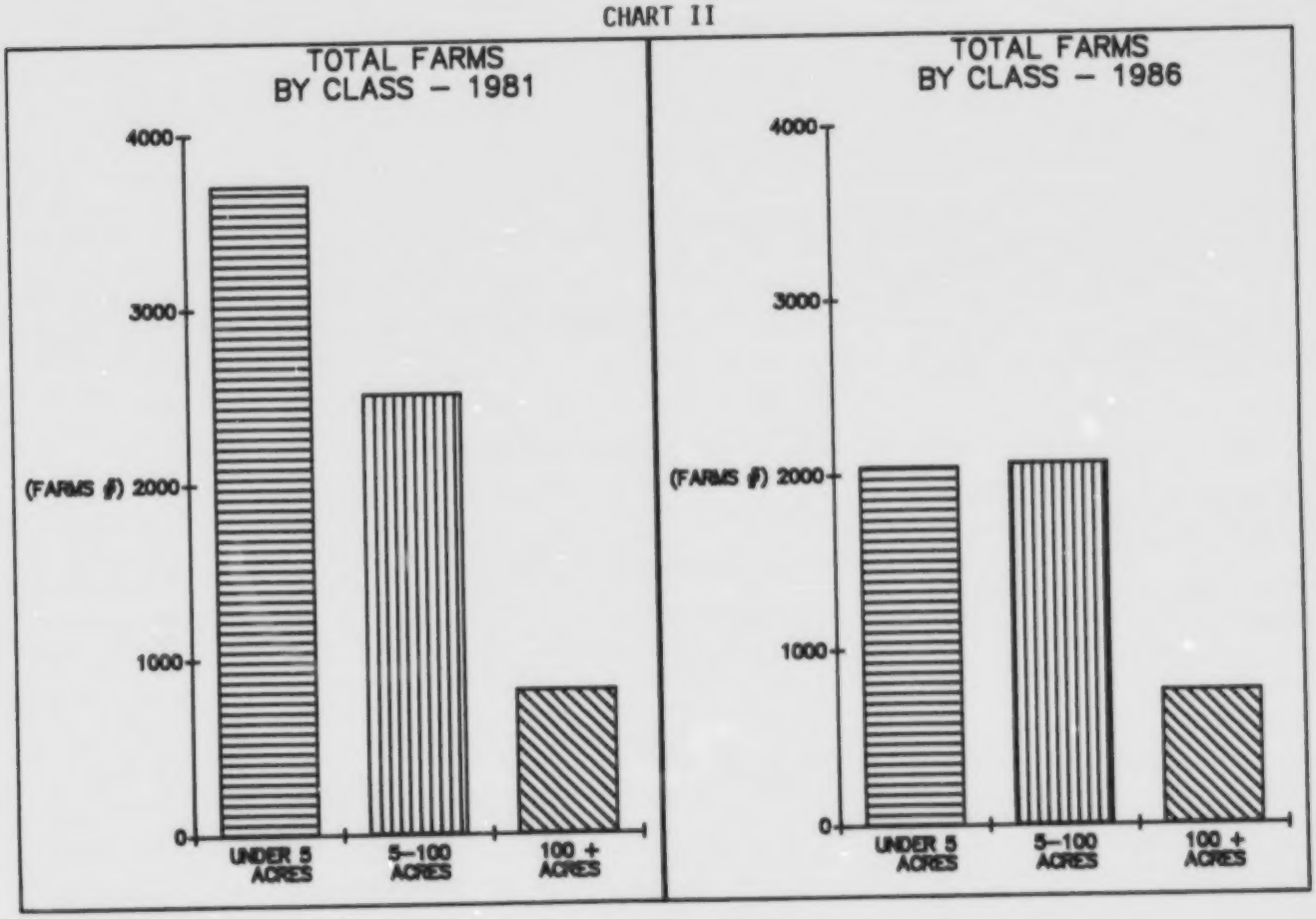


CHART II



Over three quarters of this reduction in farm numbers occurred in the under five acre size range (Chart II). Twenty percent of the reduction in farm numbers took place in the 5-100 acre range and 3 percent in the over 100 acre category, with the largest reduction in this size range (from 220 farms to 167 farms) taking place in New Brunswick.

Farm Size Changes

The 1986 Census of Agriculture reported that 4,885 potato farms planted 275,589 acres of potatoes in Canada, a 1 percent increase in acreage since 1981. This slight increase in acreage took place on farms over 5 acres. The size of Canadian potato farms increased slightly over the 1981-86 period. Farms in the 5-100 acre category accounted for 26 percent of national acreage in both 1981 and 1986, but the average farm in this category increased from 28 acres to 34 acres over the period. There were 2517 farms in this size category in 1981 and 2070 farms in 1986.

In 1986, the 766 farms larger than 100 acres accounted for 73 percent of national potato acreage compared to 823 farms, and 71.6 percent in 1981. These farms averaged 263 acres in size up from 235 acres in 1981. Ninety five percent of potato acreage in Manitoba, 88 percent in Alberta, 76 percent in P.E.I. and 71 percent in New Brunswick is in this size category.

POTATO PRODUCTION

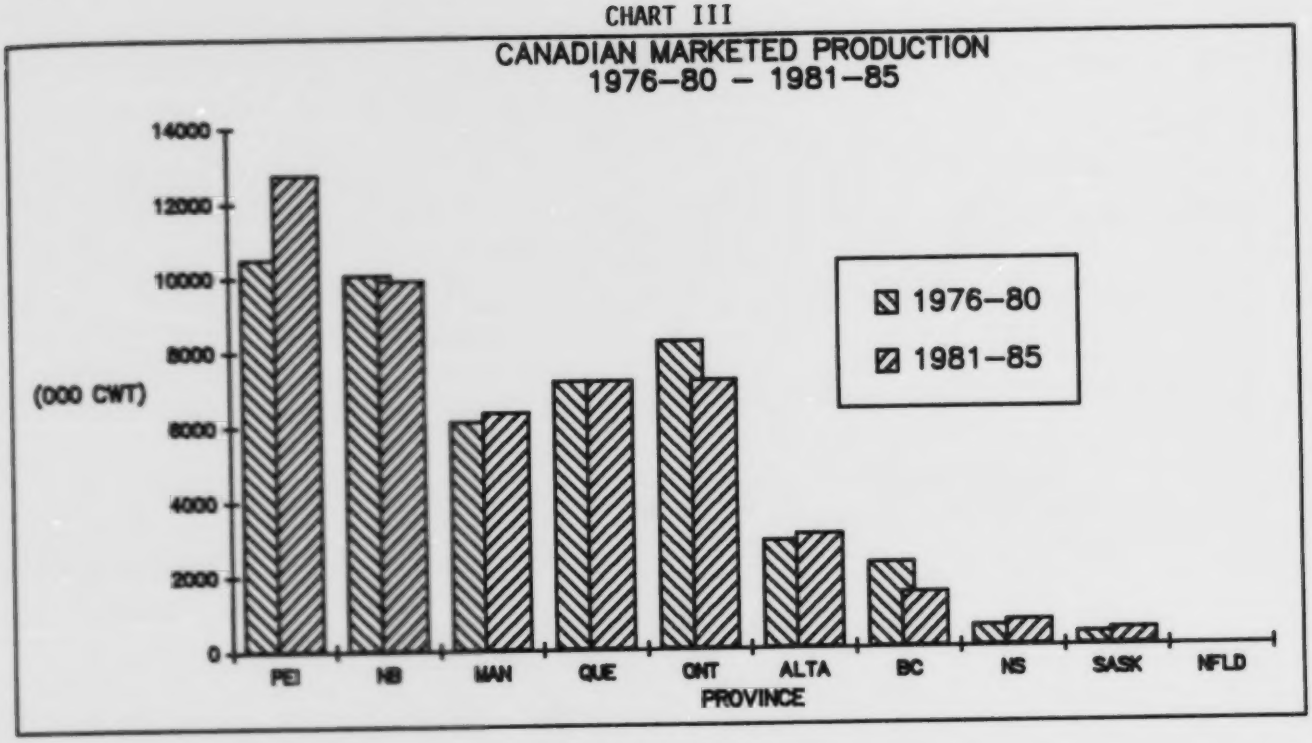
Production Trends

Over the past 10 years, potato acreage and production have increased slightly in Canada. Marketed production* in Canada increased about 1.5 percent from the 1976-80 period to the 1981-85 period. Chart III shows that P.E.I, Alberta, Nova Scotia and Saskatchewan increased their marketed production from 1976-80 to 1981-85. At the same time, Ontario's and British Columbia's market production dropped significantly. All other provinces remained stable or experienced a slight decline in marketed production.

The Panel was informed that there are many factors that can influence the production trends and the variations in volumes of potatoes produced from one year to the next: the climate; the farmers financial situation; the farmer's perception of the market in the coming year; the economic alternatives available in the farmer's

*"Marketed production" consists of all farm sales, both domestic and export. It does not include cullage nor does it include potatoes disposed of through a diversion program. When "marketed production" is used in this report in conjunction with a five-year period, it is the five-year average for that period; when in relation to a specific year, it is the actual marketed production for that crop year (July 1 to June 30). Appendix Tables A-V and A-VIII contains province-by-province marketed production details by five-year average and by crop year. The data is based upon Statistics Canada, Fruit and Vegetable Production, Cat. No. 22003.

CHART III



province or region; the type of market (processing, tablestock or seed); the market information available to the individual farmer; public policy, and yield variations.

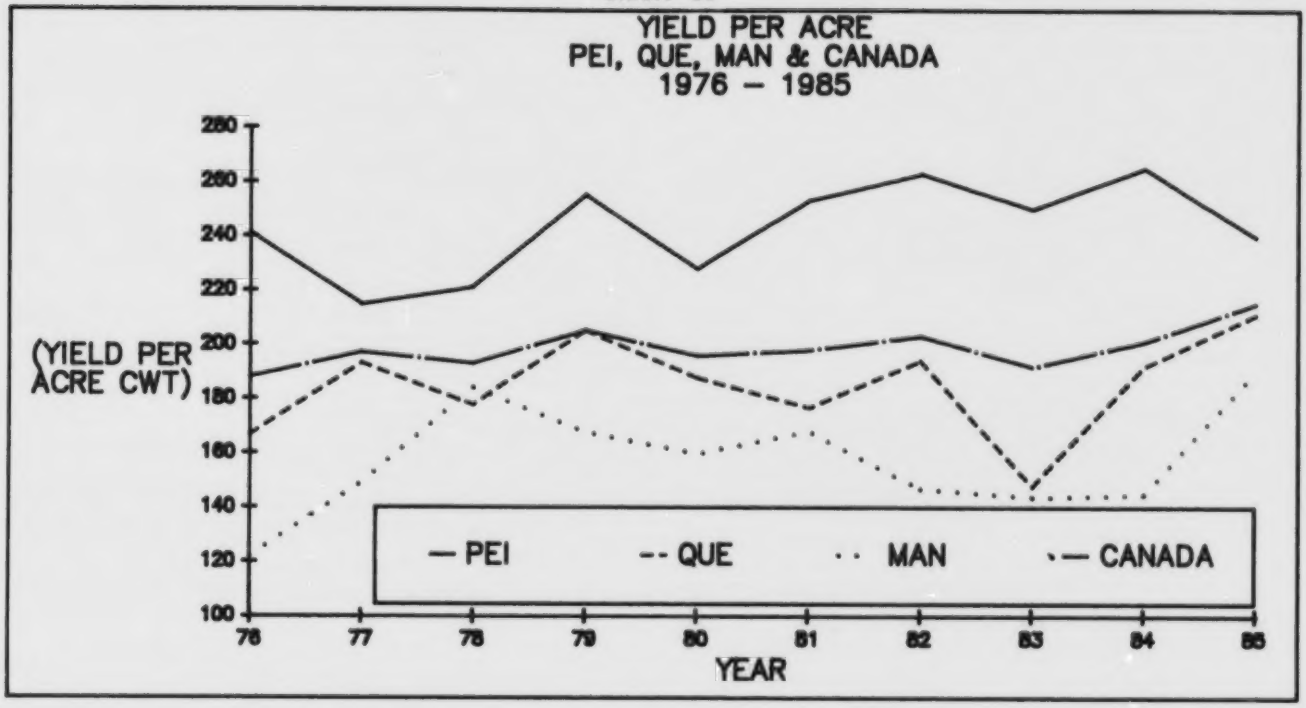
The growth in P.E.I. marketed production, for example, was attributed in part to the marketing strategy adopted by the industry in that province. It would also appear that government regional development programs and policies may have spurred growth in the P.E.I. industry.

Alberta's growth appears to be linked both to growth in the processing sector and to growth in exports of seed stock to the northwest USA. The growth experienced in Nova Scotia and Saskatchewan, while large in percentage terms, is small in terms of its impact on national marketings. The growth in both provinces is related to producer efforts to supply the provincial tablestock market.

Major declines in marketed production in Ontario may be related to that province's loss of a significant portion of the provincial table-stock market. Ontario producers, while giving up a significant portion of their tablestock market maintained their processed potato marketings over the 10-year period.

British Columbia producers experienced declines in both their table-stock and processed potato marketings. The tablestock market decline has been offset by imports from the USA. Processed potato marketings dropped largely due to the closure of a potato processing plant.

CHART IV



Provincial Variations in Yields Per Acre

Chart IV provides an illustration of the province-to-province and year-to-year variations in yield per acre. This Chart shows national, P.E.I., Quebec and Manitoba year-to-year variations. It illustrates that there are province-to-province and region-to-region differences in yield from one year to the next. (Appendix Table A-VI provides a more detailed overview.)

POTATO PRICES

Cyclical Nature of Price

Evidence and opinion presented during the hearings, as well as documentation submitted by intervenors, supported the idea that there was a "potato price cycle". Various intervenors described a cycle with an average three-year duration. This cycle was proposed as one means of explaining year-to-year fluctuations in acreage planted, marketed production and returns to the producer.

The cycle was said to be directly related to the US price and to be influenced by many factors. Climate, grower expectations of the world market, manipulation of the market by European traders, the economic attractiveness of alternative commodities such as grains and oilseeds

CHART V

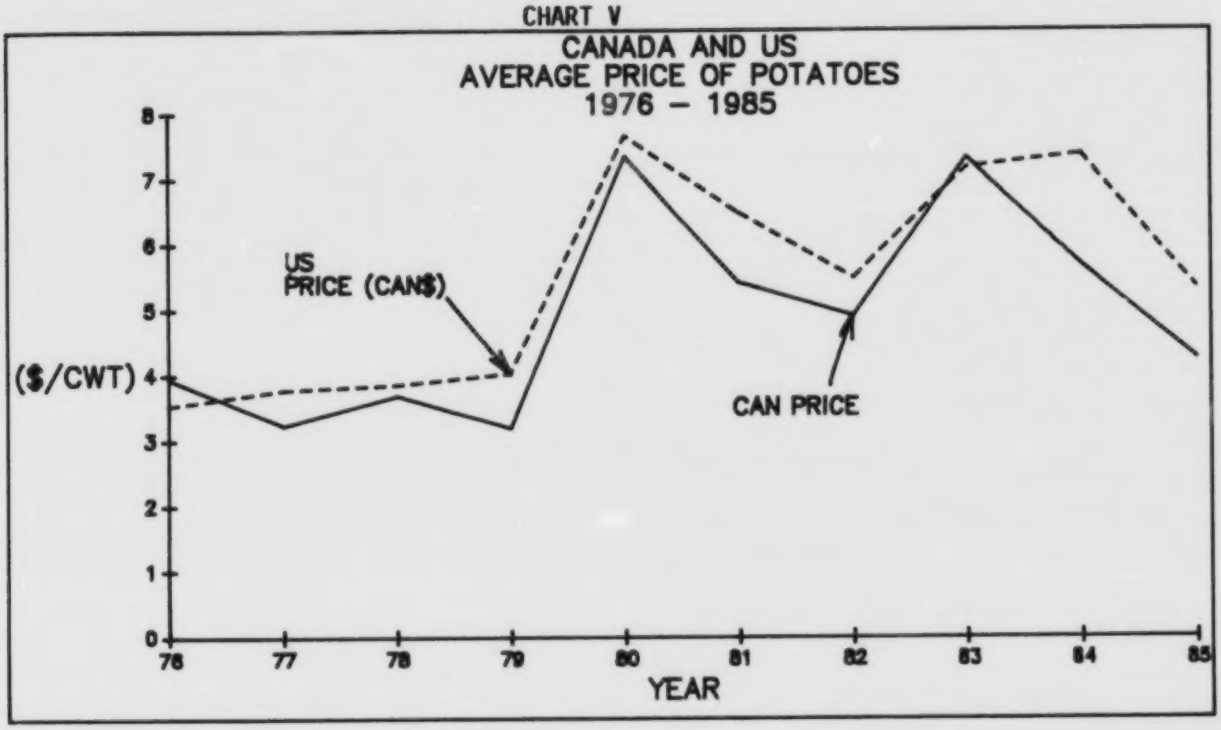
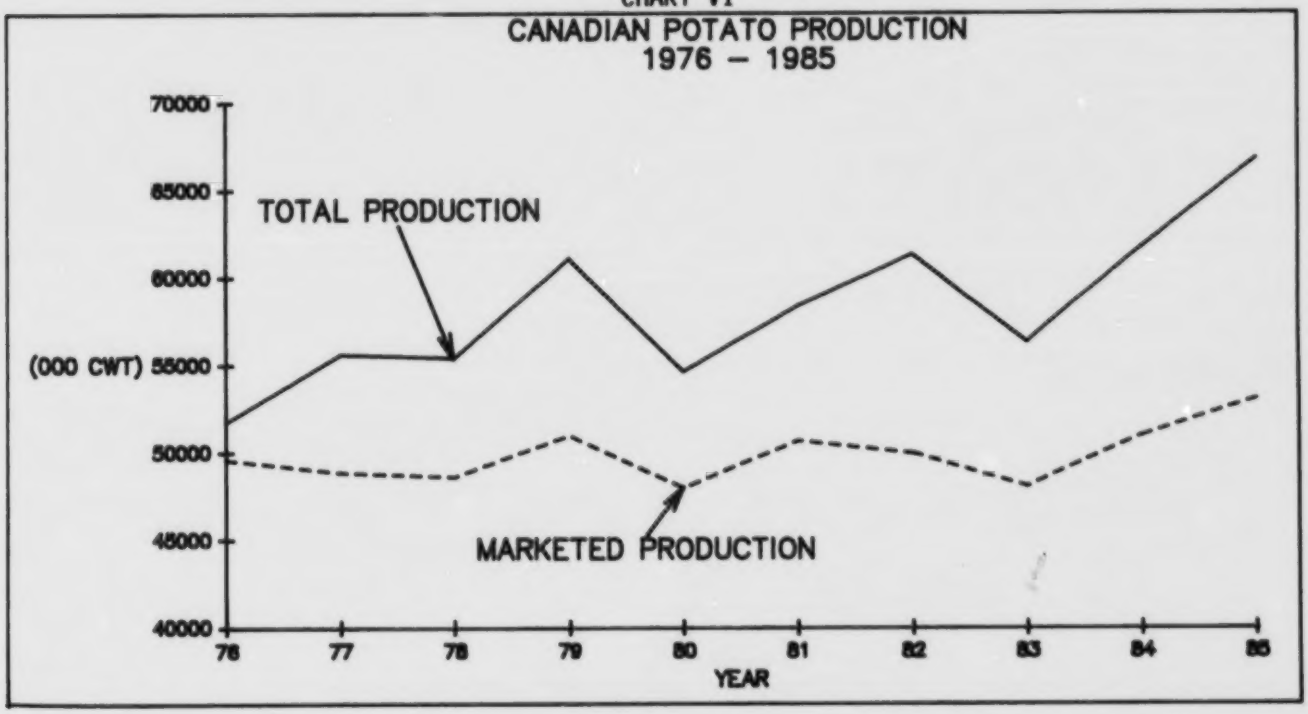
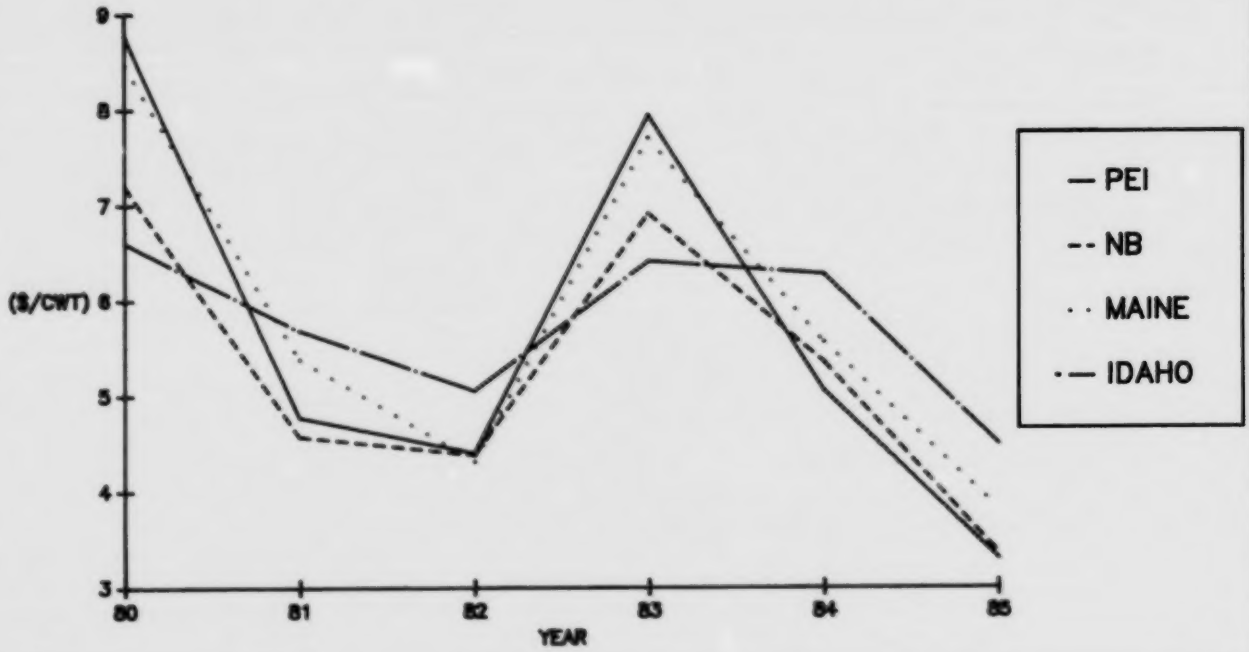


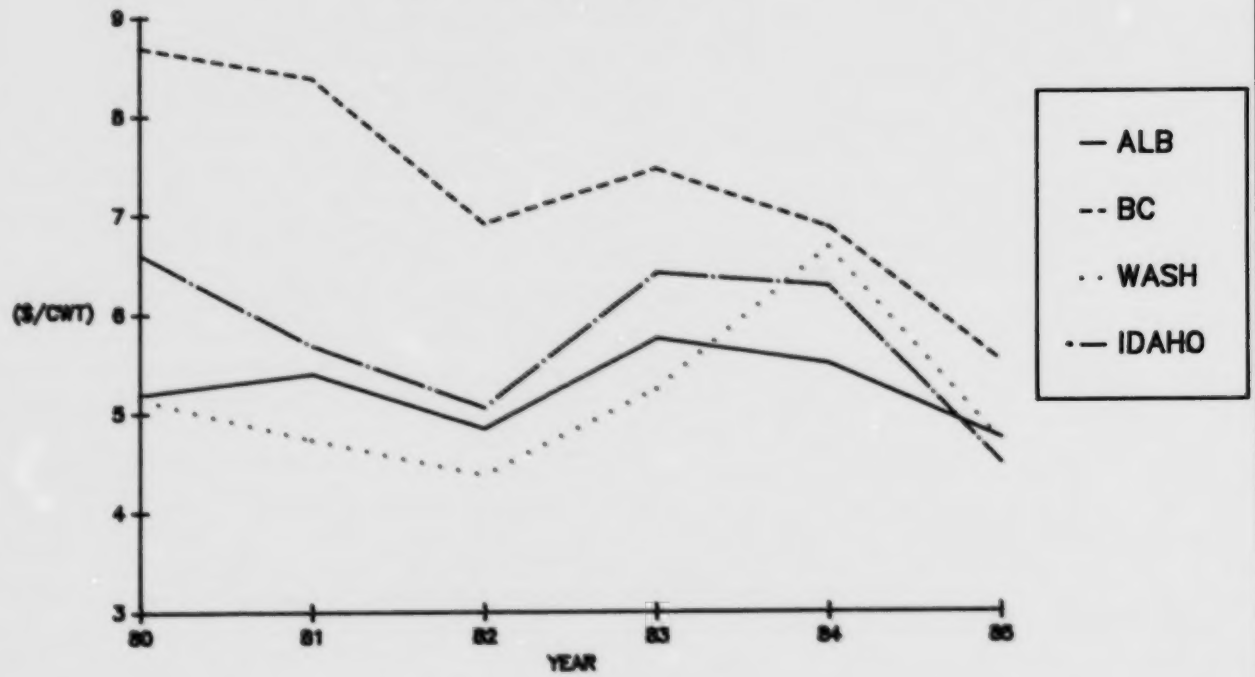
CHART VI



EASTERN CANADA–USA PRICE RELATIONSHIPS
1980 – 1985 (CND $)



WESTERN CANADA–USA PRICE RELATIONSHIPS
1980 – 1985 (CND $)



and lack of opportunity to be involved in other enterprises, were some of the reasons highlighted by intervenors.

It would appear that there is a North American and world production and price relationship from one year to the next. As Chart V illustrates, over the past 10 years the Canadian price has followed the US price. Chart VI shows that Canadian production appears to respond to the changes in price illustrated in Chart V. When Canadian prices are compared to U.S. prices two points become clear. The Canadian price mirrors the U.S. price and there is about a three-year span between the peaks and valleys in the U.S. price.

The Canadian price and production data illustrate that the Canadian price increases or decreases in relationship with marketed production volumes. It appears that, at times, relatively minor increases or decreases in marketed production coincide with significant increases or decreases in price (see Appendix Tables A-VII and A-IX).

Fluctuations in Canadian Price

Over the past 10 years, Canadian acreage and marketed production has fluctuated to a minor degree. National average price, however, has moved from $3.25 per cwt in 1977 to $7.34 in 1980, $7.32 in 1982, and $4.26 in 1985 (Chart V and Appendix Table A-VII).

As Charts VII and VIII illustrate, US price levels in competing states appear to be a key factor governing Canadian price levels. Clearly, the price received by producers in the major exporting and importing provinces is related to the price received by their competitors in the U.S. Further, over the 1980-85 period, this price appears to have declined at the same rate on both sides of the border.

There are quite significant differences in the price received from one region to another. The Panel was informed that these differences could be attributed to many factors, including: the size of the annual crop and its quality; the type of potato produced (table, seed, for processing into french fries or chips, or for export); the scheduling of potato movement to markets; the alternative opportunities available to farmers in each province; the financial resources of the farmers; and the climatic and production situation in the particular province, North America and Europe.

Over the past 10 years, producers in New Brunswick have been consistently below the national average price, while producers in P.E.I. have been above the national average only in 1976, 1980 and 1983. On the other hand, Manitoba producers have been above the national average in five, Ontario producers in six and British Columbia producers in nine of the past 10 years (see Appendix Table A-VII).

Further, the price pattern over the past 10 years in eastern Canada varies significantly from that in western Canada. Charts IX and X show the variations in price between 1976 and 1985. The price trends in the four major producing eastern provinces are very similar, tending to follow the pattern of the U.S. price noted in Charts V, VI

CHART IX

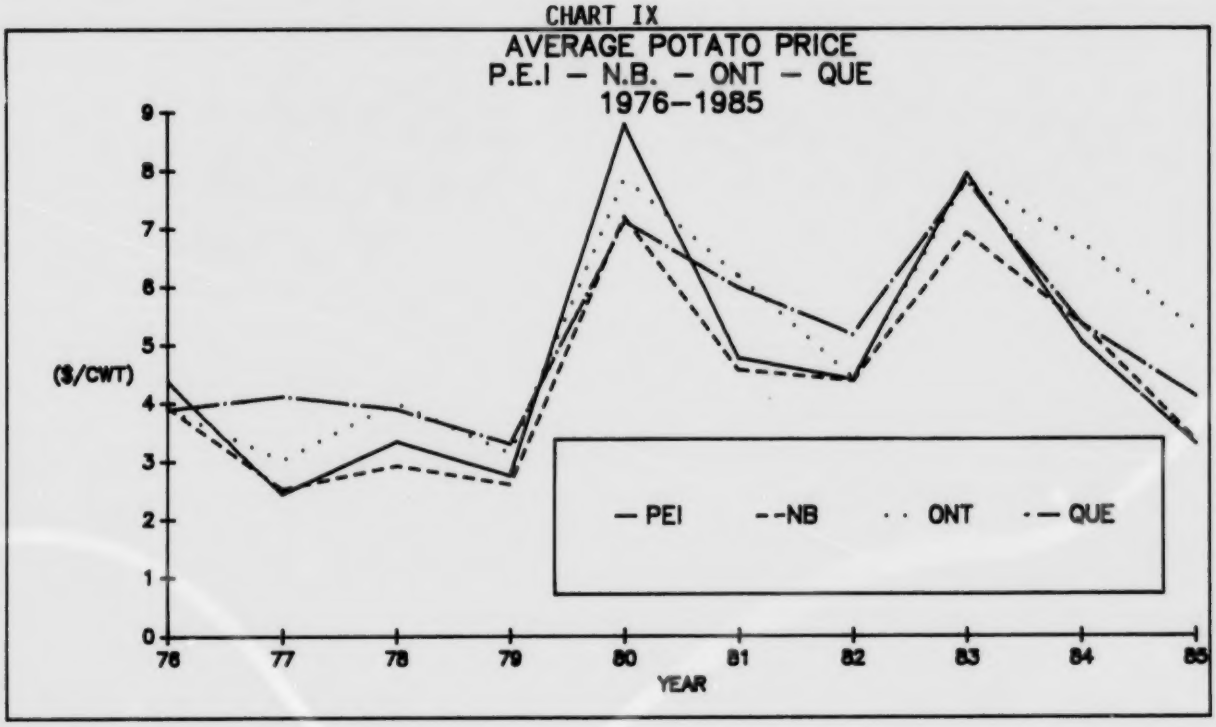
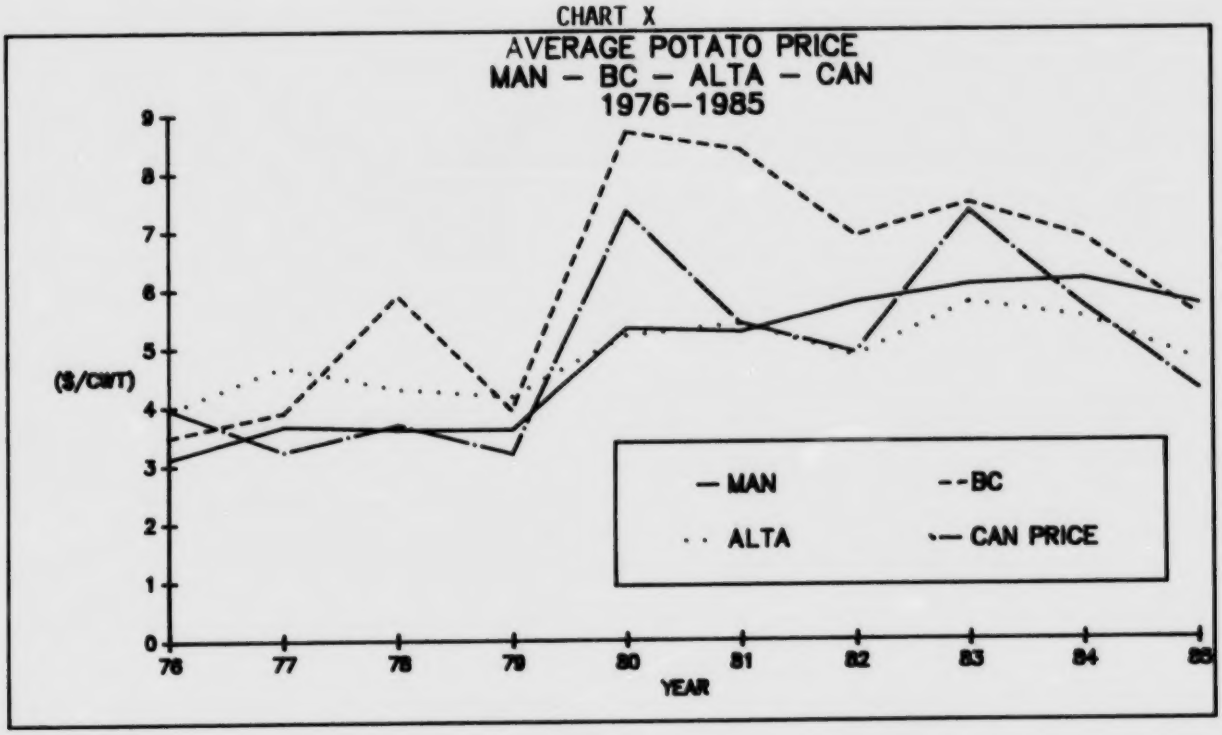


CHART X



and VII. The western provinces differ: Manitoba prices tend to be stable and trend upward; Alberta prices are somewhat less stable than Manitoba but much more stable than the national average price; British Columbia prices, while declining over the 1981-85 period, are higher than both the national and the average western Canadian price.

Impact of Market Disposition on Price

The differences noted in Charts IX and X between eastern and western Canada can be explained by examination of market disposition data, and reference to marketing channel differences. Manitoba pre-plant contracts about 80 percent of its production for processing and the remainder is controlled under a supply management system. In British Columbia, table potatoes are under supply management; processing potatoes are pre-plant contracted. In eastern Canada, the North American spot market price is a major deciding factor in potato market price.

A comparison of the impact of marketing channels and market disposition on price can be made by reference to Table I. This Table compares Manitoba with New Brunswick. It is a clear illustration of the relative stability of the Manitoba price. New Brunswick producers, on the other hand, do not enjoy the level of price stability found in Manitoba. As can be seen from Table I both the price received and the market disposition in New Brunswick changes from one year to the next.

Provincial Variations in Returns Per Acre

Returns per acre are a function of price received and yield per acre planted. Returns per acre vary from province to province and from year to year. In most years, price appears to be the primary factor governing return per acre. Table II provides an overview of the variability in returns per acre from year to year and from one province to another. (Yields per acre, by province, and price by province, are in Appendix Tables A-VI and A-VII.)

IMPACT OF PRODUCTION AND PRICE TRENDS ON PRODUCERS

Producer Planning Decisions

Unless producers pre-plant contract their production, they must plant their crop without knowing the price they will receive or whether it will be sold in Canada, in the USA, offshore, or as seed, tablestock or on the processing potato spot market. Producers who grow without a contract are price takers in a North American and world context. Their planting decisions are based upon their perception of the likely world production situation in the coming crop year, their ability to finance planting, tending and harvesting costs and the alternate agricultural opportunities they believe are open to them. Their marketed production in a given year will be determined by the climate conditions and the cultural practices they apply. Also, the price they receive will be influenced positively or negatively by the collective decisions of their counterparts in the USA and Europe.

TABLE I

MARKET DISPOSITION AND PRICE
NEW BRUNSWICK AND MANITOBA

	New Brunswick				Manitoba			
Year	Average Price ($/cwt)	% Proc	Domestic % Tbl & Sd	% Exp	Average Price ($/cwt)	% Proc	Domestic % Tbl & Sd	% Exp
1976	3.95	55	30	15	3.13	85	11	4
1977	2.54	67	22	11	3.67	88	9	3
1978	2.92	64	26	10	3.61	88	8	4
1979	2.61	64	22	14	3.61	80	18	2
1980	7.20	55	26	19	5.32	79	16	5
1981	4.58	53	23	24	5.26	76	18	6
1982	4.39	55	26	19	5.76	79	17	4
1983	6.91	55	30	15	6.06	78	19	3
1984	5.36	57	18	25	6.14	76	18	6
1985	3.36	59	18	23	5.71	79	17	4

TABLE II

RETURNS PER ACRE*
SELECTED PROVINCES
1976 - 1985

	P.E.I.	N.B.	Que	Ont	Man	Alta	B.C.	National Average Yield/Acre
			(dollars)					(cwt)
1976	1055	793	649	815	382	878	836	188
1977	526	495	795	680	546	1020	994	197
1978	738	616	694	836	664	888	1298	193
1979	703	610	678	647	606	940	1027	205
1980	2001	1604	1338	1550	851	1331	2085	196
1981	1209	1126	1060	1240	883	1236	1594	198
1982	1159	1062	1004	910	846	1139	1591	203
1983	1985	1499	1157	1524	872	1368	1641	192
1984	1340	1179	1029	1291	850	1254	1582	201
1985	792	873	869	1078	1084	1092	1324	215

*Returns Per Acre equals provincial average price times provincial yield per acre.

Impact of Returns on Fresh Potato Producers

The price paid for fresh potatoes by consumers has not risen at the same rate as the producer's costs for the purchase of personal and family needs. Table III sets out the Consumer Price Index (C.P.I.) and selected indices for food products for the 1976-86 period. Analysis of this Table shows that while the retail price of fresh potatoes has been rising it has not risen at the same rate as the composite consumer price index or at the same rate as processed potato price index.

In contrast to processed potato prices, which have tracked the C.P.I., the fresh potato price index has moved in a very erratic fashion. The year-to-year variations in the C.P.I. for table potatoes, illustrated in Table III, tend to confirm the evidence from many intervenors that the tablestock market is chaotic and subject to major price variations. As a result, over the 1976-85 period, tablestock and seed producers were subjected to wide fluctuations and uncertain returns.

TABLE III

CONSUMER PRICE INDEX
COMPOSITE AND SELECTED FOOD ITEMS INDICES
(1981 = 100)

Year	Composite	In Store Food	French Fries	Chips	Fresh Potatoes
1976	62.9	55.4	67.2	57.7	38.6
1977	67.9	60.3	69.3	61.0	39.5
1978	73.9	70.8	71.2	69.0	47.6
1979	80.7	80.4	75.0	74.6	47.9
1980	88.9	89.4	86.1	90.8	65.2
1981	100.0	100.0	100.0	100.0	100.0
1982	110.8	106.4	112.5	114.4	79.8
1983	117.2	109.5	118.6	118.9	89.8
1984	122.3	116.1	119.7	124.1	105.4
1985	127.2	119.1	122.9	127.3	80.6
1986	132.4	125.0	131.1	131.4	89.1

Notes

1. In store food includes all items fresh and processed, domestic and imported, sold as food items.
2. French Fry Index based on 1 kilo poly bag Grade A or Fancy Packs of regular frozen french fries.
3. Potato Chips Index based on 200 grams package, dry, plain type.
4. Fresh Potato Index based on 10 lbs bag, Canada #1 or #2, some imported potatoes may be included.
5. The index is based on a calendar rather than a crop year.

Source: Statistics Canada - Cat. No. 62-001

CHART XI

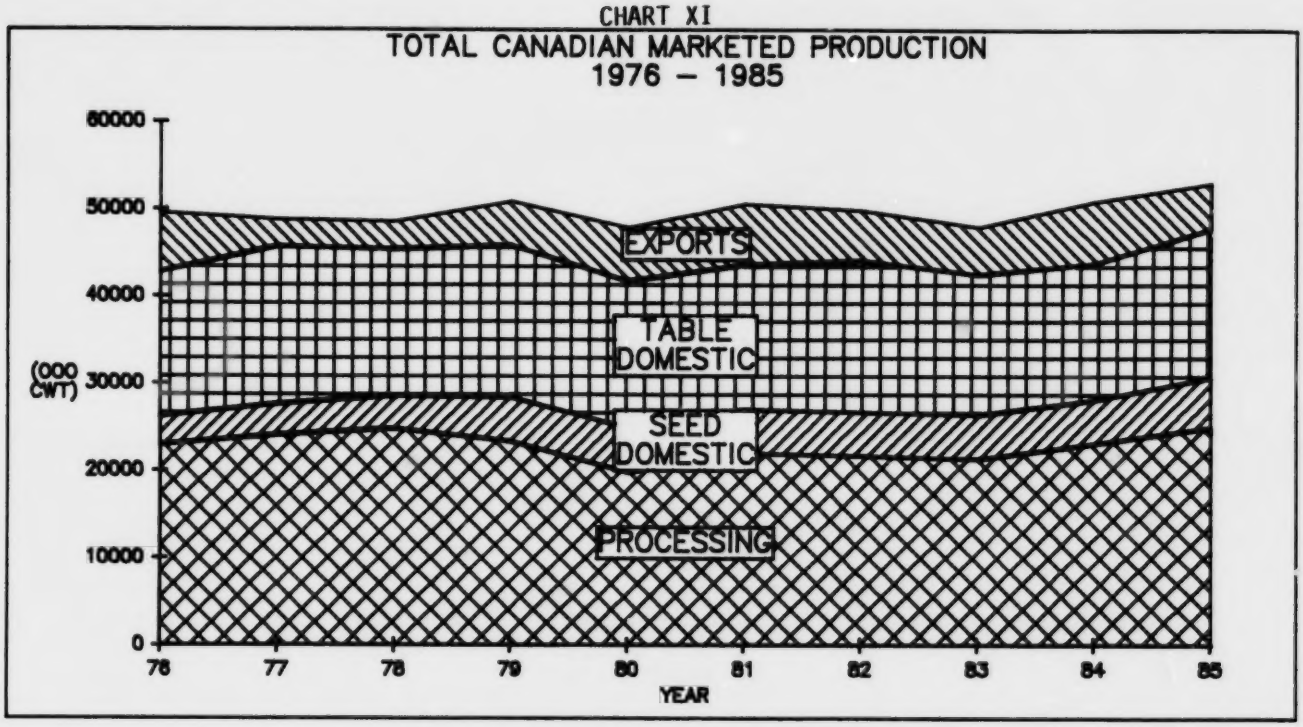
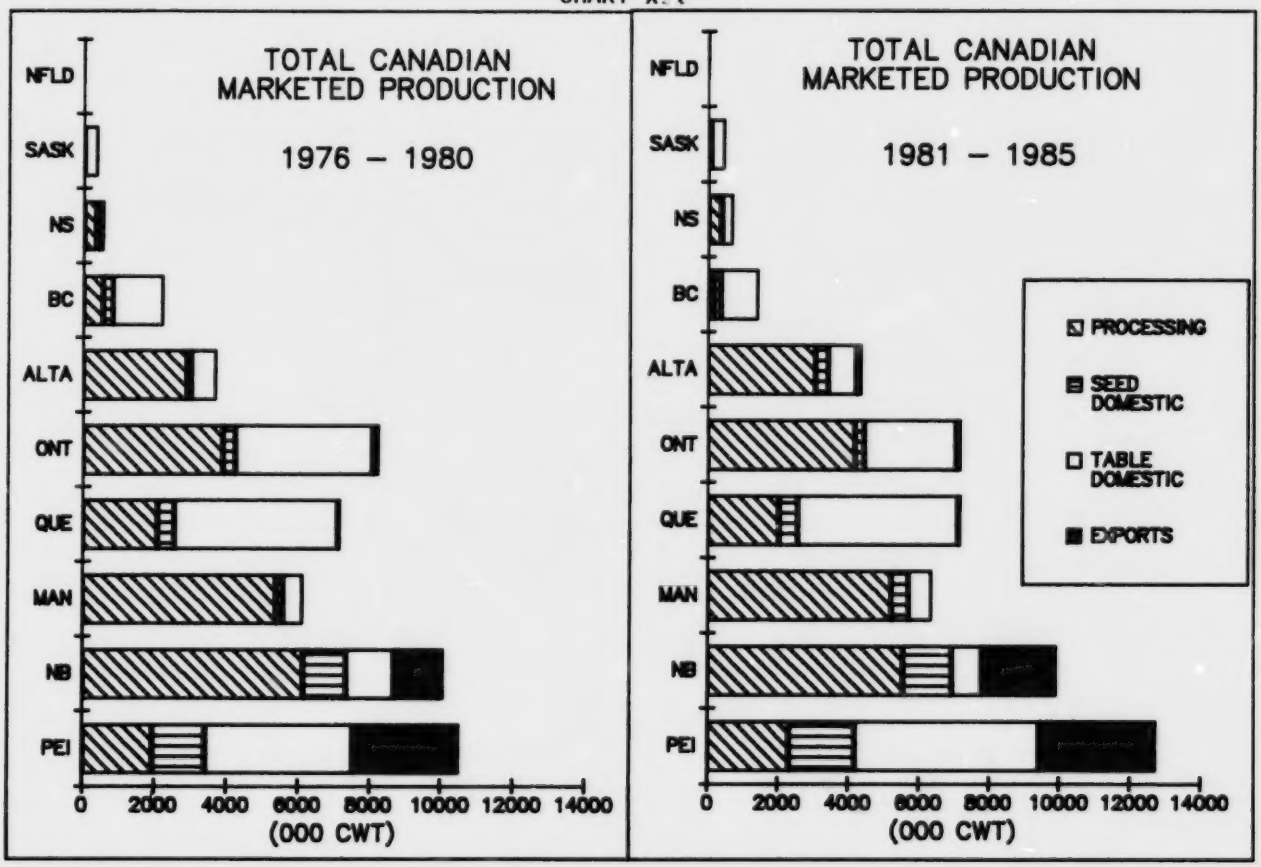


CHART XII



IV. MARKETING

INTRODUCTION

Canadian producers market potatoes in Canada, the USA and offshore. Producers in each province tend to concentrate on a specific segment or segments of the domestic and export market. This mix in market disposition varies from province to province and from eastern Canada to western Canada.

Over the 1981-85 period, marketed production* in Canada was 50.2 million cwt, up from the 1976-80 marketed production of 49.5 million cwt. About 33 percent of 1981-85 marketed production was sold on the domestic tablestock market, 45 percent for processing, 10 percent for domestic seed and 12 percent on the export tablestock and seed market. Chart XI illustrates Canadian marketings over the 10-year period, and Chart XII, the province-by-province share of those markets (see also Appendix Table A-VIII).

TABLE IV

ANNUAL AVERAGE DOMESTIC TABLE MARKETINGS BY PROVINCE 1976-80 AND 1981-85

	1976-80		1981-85	
	Local Use	Interprovincial Sales	Local Use	Interprovincial Sales
	(000 cwt)			
P.E.I.	(1)	4,129	(1)	5,214
New Brunswick	(2)	1,355	(2)	859
Manitoba	491	62	586	71
Quebec	4,471	80	4,426	116
Ontario	3,798	31	2,594	14
Alberta	626	84	744	67
British Columbia	1,356	56	1,056	19
Nova Scotia	170	-	316	-
Saskatchewan	354	18	389	17
Newfoundland	55	-	55	-
CANADA	11,321	5,815	10,166	6,377

(1)(2) New Brunswick and P.E.I. local use statistics are included in the processing potato market statistics. Local use potatoes are those sold in the province in which they were produced.

*For definition of "marketed production", see note on page 12.

DOMESTIC TABLESTOCK AND SEED MARKETS

Trends in the Domestic Tablestock Market

Table potatoes are produced in all provinces. Each year, Canada marketed on average 17.1 million cwt of table potatoes on the domestic market in 1976-80 and 16.5 million cwt over the 1981-85 period (see Table IV and Appendix Table A-V). P.E.I., Quebec and Ontario are the major tablestock producing provinces. These provinces accounted for 74 percent of domestic tablestock marketed production in the 1976-80 period and over 76 percent in the 1981-85 period.

Tablestock in Eastern Canada. As Chart XII and Table IV illustrate, P.E.I., Quebec and Ontario are the major marketers of tablestock in eastern Canada. **P.E.I.** sold 41 percent of its marketed production on the interprovincial table market in the 1981-85 period. P.E.I.'s interprovincial tablestock marketings have increased gradually over the decade, from a marketed production of about 4.1 million cwt in the 1976-80 period to about 5.2 million cwt in the 1981-85 period. All of the 5.2 million cwts marketed by P.E.I.* in 1981-85 were sold in Newfoundland, Nova Scotia, New Brunswick, Quebec and Ontario.

Approximately 62 percent of **Quebec's** marketed production is sold in the local tablestock market. Over the 1976-85 period, Quebec sold, on average, about 4.5 million cwt of its marketed production on the local tablestock market. This volume was sufficient to supply 65 percent of that market. Over the same period, Quebec tablestock marketings in Ontario ranged from 75 thousand cwt in 1976 to 62 thousand cwt in 1981 and 200 thousand cwt in 1985. The tablestock market in Quebec is shared with P.E.I. and New Brunswick. Over 1981-85, P.E.I. marketed, on average, 1.4 million cwt of tablestock in Quebec, representing 20 percent of the table market in that province. New Brunswick had 9 percent of the market in the early 1980's, but its share dropped sharply after 1984.

About 36 percent of **Ontario's** marketed production was sold on the local tablestock market over the 1981-85 period, down from 46 percent during 1976-80. Over 1981-85, Ontario producers sold about 2.6 million cwt of their marketed production on the local market, about 43 percent of the Ontario tablestock market. The 1981-85 marketed production of tablestock represented a decline of 1.2 million cwt from the 1976-80 period. Over the 1981-85 period, P.E.I. shipped an annual average 2.4 million cwt (up from 1.9 million cwt in the previous five years), New Brunswick 116 thousand cwt and Quebec 116 thousand cwt into Ontario. In the 1981-85 period, P.E.I. gained a 40 percent share of the Ontario market, up from 33 percent in the previous five year period.

New Brunswick sold 9 percent of its marketed production on the domestic tablestock market over the 1981-85 period, an annual average 860 thousand cwt, as compared to 1.4 million cwt and 13 percent of

---

* P.E.I. supplies all of its local market needs; local use tablestock is included in the processing potato marketings.

marketed production, over the 1976-80 period. In fact, New Brunswick annual interprovincial tablestock marketed production dropped from about 1.0 million cwt in 1981 to 500 thousand cwt in 1985.* All of the domestic tablestock marketed by New Brunswick producers over 1981-85 was sold in the other eastern provinces.

Each year over the 1976-80 period, **Nova Scotia** producers marketed, on average, 170 thousand cwt on the provincial tablestock market; primarily the early market. Nova Scotia producers increased their marketed production of tablestock to 316 thousand cwt during 1981-85 and accounted for about 35 percent of the local table market. The shortfall in Nova Scotia production is filled primarily by P.E.I., which, over the 1981-85 period, sold an annual average of about 563 thousand cwt of table potatoes in the province, about 62 percent of the Nova Scotia tablestock market.

Over 90 percent of **Newfoundland's** 1981-85 marketed production of 55 thousand cwt went to local table use, satisfying about eight percent of the provincial market. P.E.I., with average marketings of 532 thousand cwt each year, provided for 76 percent, and New Brunswick about 14 percent of the Newfoundland market over the period.

Tablestock in Western Canada. British Columbia and Alberta are the two largest marketers of tablestock in western Canada. **British Columbia** producers market 50 to 55 percent of all the tablestock sold on the market in that province. The remainder of the province's requirements are supplied from the northwestern USA and by some small shipments from Alberta. British Columbia farmers sold 1.4 million cwt of their marketed production as tablestock during 1976-1980, and about 1.1 million cwt over the 1981-85 period; this represented 62 and 73 percent, respectively, of provincial marketed production. Approximately 1 percent of provincial marketed production is shipped to the other western provinces.

Approximately 19 percent of **Alberta's** marketed production was sold on the local and interprovincial tablestock market over 1981-85. Alberta sold 728 thousand cwt of its marketed production as tablestock in 1976-80, and 814 thousand cwt in 1981-85. This was sufficient to supply about 72 percent of the local tablestock market. Each year during 1980-81, Alberta also sold about 67 thousand cwt of tablestock in the other three western provinces.

Manitoba sells about 10 percent of its marketed production on the tablestock market. Manitoba farmers sold 586 thousand cwt of their marketed production as tablestock over 1981-85, an increase of 100 thousand cwt over the 1976-80 period. This amount supplies 74 percent of the local tablestock market. Manitoba also sells a total of about 60-70 thousand cwt of tablestock each year to the adjoining provinces of Saskatchewan and Ontario.

---

* New Brunswick supplies almost all of its local market needs; local use tablestock is included for statistical purposes in processing potato marketings.

Saskatchewan producers sell over 87 percent of their marketed production on the tablestock market: 83 percent on the local market and 4 percent in the other prairie provinces. Total tablestock marketed production in Saskatchwan increased from 349 thousand cwt in 1981 to 514 thousand cwt in 1985. Manitoba and Alberta producers also sell table potatoes in Saskatchewan. Each year over the 1981-85 period, these two provinces together marketed an average 95 thousand cwt in that province.

Trends in the Domestic Seed Potato Market

Marketings. Domestic seed potato marketings averaged 5.2 million cwt, 10 percent of total marketed production over the 1981-85 period. This is an increase from 4.6 million cwt, and 9.4 percent of marketed production in the 1976-80 period. Domestic seed marketings are of two types, seed for local use in the province and seed for interprovincial sale. Over the 1981-85 period, an average 4.3 million cwt of seed was sold annually for local use in the province of origin and an average 912 thousand cwt was sold annually on the interprovincial market (Table V).

New Brunswick and P.E.I. produce seed for both local and interprovincial sale. Newfoundland, Nova Scotia, Quebec and Ontario supplement provincial seed production with seed purchased from P.E.I. and New Brunswick. Alberta produces seed for local sale. Domestic seed marketings in that province increased from 251 thousand cwt in 1981 to 551 thousand in 1985. British Columbia and Manitoba are close to self-sufficient and Saskatchewan purchases seed primarily from Alberta and Manitoba. Most provinces also purchase some seed from the U.S.A.

TABLE V

MARKETED PRODUCTION OF DOMESTIC SEED POTATOES
BY PROVINCE

	1976-80		1981-85	
	Local Use	Interprovincial Sale	Local Use	Interprovincial Sale
	(000 cwt)			
P.E.I.	1,080	375	1,429	444
N.B.	840	359	917	452
Manitoba	507	12	465	10
Quebec	473	-	532	-
Ontario	353	-	258	-
Alberta	248	-	362	-
British Columbia	261	28	201	5
Other Provinces	80	1	99	1
CANADA	3,842	775	4,263	912

Production Practices. The majority of seed potato producers grow their crop to meet the certification size and quality standards of both the North American and the offshore market. With the exception of seed for processing in Ontario, Manitoba and Alberta, seed production is not contracted for prior to planting and markets are not guaranteed. Producers, particularly in the Maritimes, grow their crop to a size large enough to allow it to be sold after harvest as table-stock, seed or for processing, depending upon market demand and price.

The practice of growing a crop as seed and marketing it as tablestock or for processing is common in P.E.I. and New Brunswick. The practice is less of a factor in those provinces which are dependent upon a local or regional seed market, or in provinces where processors pre-season contract seed. In 1985, for example, P.E.I. produced 11 million cwt of seed but only marketed 2.7 million cwt as seed stock. In British Columbia, the Prairies and Quebec, on the other hand, it is estimated that 80 percent of seed production is marketed as seed.

Domestic Tablestock and Seed Marketing Channels

State of the Market. The chaotic state of the tablestock and seed potato markets was the most frequently mentioned problem during the inquiry. The Panel was informed that most tablestock and seed producers are price takers in a market with thousands of sellers and a very limited number of buyers.

Producers and others presenting evidence at all hearing locations pointed out that there were many inefficiencies in the market place and many questionable marketing practices. The severe table market competition in the Alberta market, the price-cutting practices of Maritime seed exporters, the Manitoba freight subsidy into northern Ontario and the P.E.I. sale of "strippers" to Nova Scotia and Newfoundland, were cited as examples of predatory and unfair marketing practices.

Scheduling of deliveries to the Toronto and other major markets was said to be an important factor in establishing the eastern Canadian tablestock price. The Task Force stated that two truckloads of potatoes delivered to a large market like Toronto at the wrong time could severely depress the market price. It attributed this type of delivery either to inappropriate scheduling of deliveries due to the lack of good market information, or to sellers moving large quantities of low grade or low priced potatoes into a market.

Provincial Marketing Actions. Several provinces have recognized the need to bring some order to the marketing of tablestock and seed potatoes. During the course of the hearing, the Panel was informed that the marketing efforts in some provinces had been more successful than in others. For example:

The **P.E.I. Potato Marketing Board** has been in existence for over 30 years. It emphasizes the production of a quality product, licenses dealers, manages the provincial elite seed farm, controls movement of potatoes off the Island and pursues an intensive promotional program. The P.E.I. Board's promotional program is targeted to specific

domestic and export markets. It concentrates on raising consumer awareness of the value of potatoes in the diet and of the quality of the P.E.I. potato. The Board's program apparently has been a factor in increasing sales on the Toronto, US and export markets.

Quebec producers have recently established **Pomexpan**, a private, producer-owned company. Pomexpan promotes Quebec potatoes, co-ordinates market deliveries and helps producers with market decisions. Pomexpan does not set price but attempts to keep prices at acceptable levels by scheduling market deliveries.

The **Ontario Fresh Potato Marketing Board** utilizes a price-setting committee made up of producers and members of the trade. This committee regularly reviews the market situation and recommends an appropriate selling price which takes US and eastern Canadian supplies and prices into account. The Board then establishes the price to be paid to producers.

The **Manitoba Vegetable Producers Marketing Board** has the power to establish quantities to be marketed, to set price and to sell all potatoes not pre-plant contracted by processors. In that province, the price is set on a regular basis by a committee of wholesalers, producers and Board staff. The price is based upon the price of competing US and Canadian potatoes. When established, it becomes the price at which the Board sells potatoes to the wholesalers.

The **British Columbia Vegetable Marketing Commission** has the power to promote, control and regulate production, transportation, packing, storage and marketing of potatoes. The Commission can also exercise control over the movement and pricing of product originating in the province but being sold outside the province. The British Columbia system includes a quota and the weekly or daily establishment of price based on the landed price from other Canadian or US sources of production.

Domestic Demand for Table Potatoes

Consumer demand for potatoes has decreased slightly over the past 10 years. Total domestic sales of tablestock averaged 17.1 million cwt over 1976-80 and dropped to 16.5 million cwt during the 1981-85 period. The per capita consumption of potatoes has been trending downward for a number of years. Chart XIII shows annual per capita consumption, over the 1976-85 period.

The consumption of fresh or table potatoes varies considerably from region to region. As Table VI shows, fresh potato purchases per person dropped between 1982 and 1986. The extent of the decline in consumption varied from 1.5 percent in the prairie region to over 16 percent in Quebec.

CHART XIII

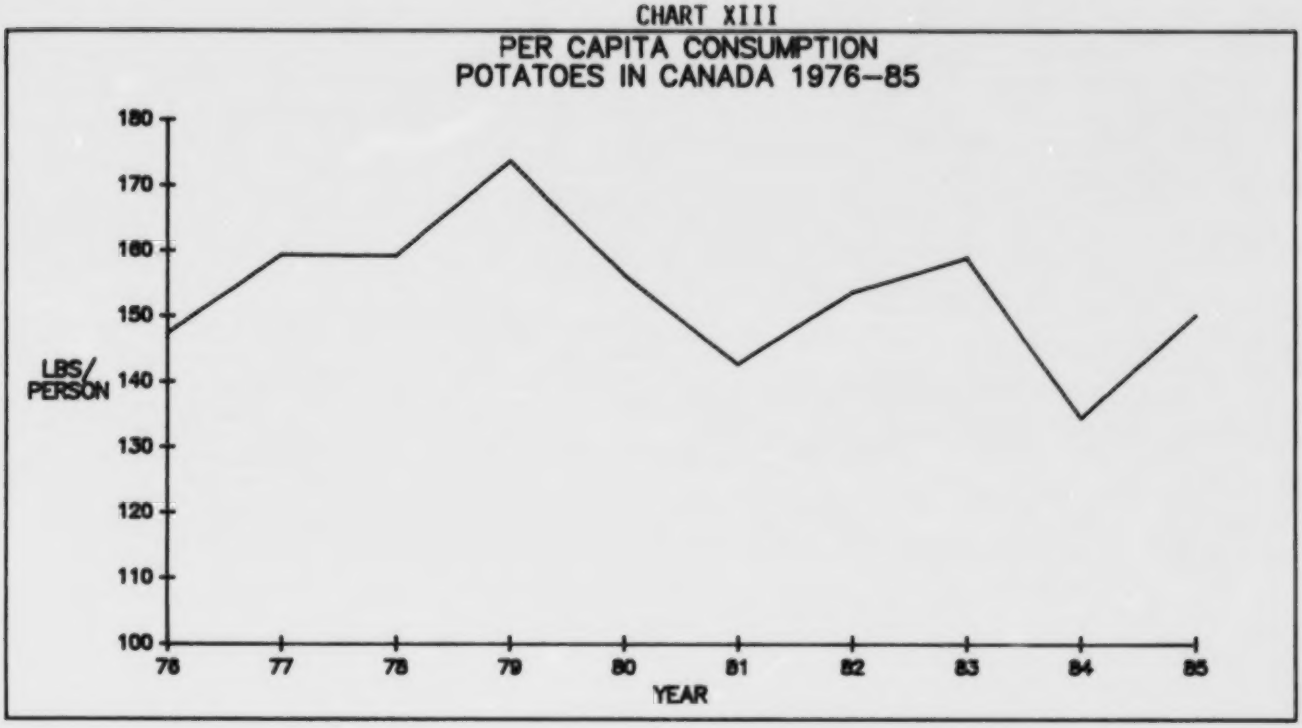


TABLE VI

AVERAGE WEEKLY PURCHASES OF FRESH POTATOES IN RETAIL STORES
1982 AND 1986, BY REGION

Region	1982		1986		% Decline
	Per Family	Per Person	Per Family	Per Person	
	(lbs)				
Atlantic	5.39	1.70	4.81	1.61	5.2
Quebec	4.06	1.48	3.22	1.23	16.8
Ontario	3.05	1.11	2.86	1.08	2.7
Prairies	1.93	.70	1.90	.70	1.5
B.C.	2.69	1.03	2.50	.98	4.8

Source: Derived from the 1982 and 1986 Food Expenditure Survey, Statistics Canada Cat. No. 62554

TABLE VII
MARKETED PRODUCTION OF PROCESSING POTATOES
CANADA
1976-1985

	Processing Potatoes Marketed (000 cwt)	Percent of Total Marketed Production
1976	22,967	46
1977	24,058	49
1978	24,807	51
1979	23,380	46
1980	19,907	41
1981	21,997	43
1982	21,750	44
1983	21,390	44
1984	23,124	45
1985	24,978	47

THE DOMESTIC PROCESSING MARKET

Market Trends

Processing potatoes are grown and marketed in all provinces except Newfoundland (Chart XII). Over the 1976-80 period, Canadian producers marketed an average 23.0 million cwt of potatoes each year for processing, 46.5 percent of total marketed production. According to available statistics, marketed production of processing potatoes decreased slightly during the 1981-85 period when 22.6 million cwt of potatoes were sold to processors. Actual marketings of processing potatoes ranged from a low of 20 million cwt in 1980 to highs of 25 million cwt in 1978 and 1985 (Table VII). Processing potatoes constituted, on average, 51 percent of the potatoes sold on the domestic market over the 1976-85 period and about 46 percent of marketed production, including exports.

During the 1981-85 period, about half of the potatoes sold for processing were manufactured into frozen french fries, slightly less than half were used for the production of potato chips. The balance was used to produce fresh cut french fries, potato flakes, granules, soups or stews, flour and starch.

Potatoes for French Fries. Frozen french fries are manufactured in New Brunswick, Manitoba, P.E.I. and Alberta.

New Brunswick is the largest marketer of potatoes for processing. New Brunswick potatoes are sold to one large french fry processor and to one potato chip processor. Over the 1976-85 period, annual processing potato marketings varied from 5.0 to 6.8 million cwt, representing 55 to 60 percent of provincial marketed production. This represented 25 percent of the national marketed production of processing potatoes.

Manitoba is the second largest marketer of processing potatoes. Producers in that province supply two large french fry processors and a potato chip manufacturer. In the 1976-85 period, Manitoba marketed about 5.0 million cwt of processing potatoes each year, representing from 75 to 85 percent of marketed production. Manitoba markets 23 percent of national marketed production of processing potatoes.

Alberta had a marketed production of about 3.0 million cwt of processing potatoes during the 1976-85 period. This amount represented 74 percent of provincial marketed production in the 1976-80 period and 70 percent during 1981-85. These potatoes were processed into french fries, potato chips and other products, such as dehydrated flakes. Alberta accounts for 13 percent of national processed potato marketed production.

P.E.I. sold 18 percent of its marketed production, about 2.0 million cwt, as processing potatoes in 1976-80, and 2.3 million cwt during the 1981-85 period. These potatoes were processed into french fries primarily by one major processor. P.E.I. accounted for 10 percent of national processed potato marketed production over 1981-85.

Potatoes for Potato Chips and Other Uses. Potato chips are manufactured in all provinces except Newfoundland and Saskatchewan. Processing potatoes are also used to produce soups, stews, dehydrated and other potato products in several provinces.

Over the 1976-80 period, **Ontario** producers sold an annual average 3.9 million cwt of potatoes, 47 percent of provincial marketed production, for processing. This amount rose to 4.2 million cwt, and 58 percent of marketed production, over 1981-85. Almost all of these potatoes were sold to potato chip processors. Ontario is Canada's third largest producer of processing potatoes accounting for 18 percent of national processed potato marketed production.

Over the 1976-85 period, **Quebec** producers sold about 28 percent of their production, 2.0 million cwt, for processing, primarily for potato chips. Quebec accounts for about 9 percent of national processed potato marketed production.

Nova Scotia's and **British Columbia's** marketed production of processing potatoes of 875 thousand cwt in 1976-80, declined to 500 thousand cwt in 1981-85. Nova Scotia sold, on average, 350 thousand cwt of processing potatoes over 1976-85, representing between 50 and 60 percent of provincial marketed production. All of these potatoes were processed into potato chips. British Columbia sold 24 percent of its marketed production (533 thousand cwt) to processors in 1976-80 and about 11 percent (158 thousand cwt) in 1981-85. In the 1976-80 period, British Columbia processing potato marketings went both to french fries and potato chips, while over 1981-85, they were only used for potato chips.

Special Characteristics of the Processing Potato Sector

Potatoes for processing are different from potatoes for the tablestock

trade, moreover, potatoes for processing into potato chips are different from potatoes for processing as french fries.

Potato Chip Potatoes. The potato chip industry requires a highly specialized potato. Potato chips are manufactured primarily from potatoes of the Superior, Atlantic, Norchip, Monona and Kennebec varieties. With the exception of the Superior and the Kennebec, these varieties are not considered to be suitable for the table potato market. Common table varieties such as Russett Burbank, Sebago, Chieftain and Norland, in turn, do not meet the sugar content and specific gravity requirements for chipping and thus are not considered suitable for this use.

Chipping potatoes are treated differently in storage than tablestock potatoes. Tablestock is stored at 38 to 40 F. degrees, while chipping potatoes are stored at 50-52 F. degrees, so as to ensure that the sugar level is held constant. This is necessary in order to prevent the chips from becoming dark in colour when they are fried.

To make good chips the specific gravity of the potato should be 1.09 or better, the higher the level the better the chip quality. In processing soups and stews, colour is very important. The Shepody variety is preferred for this purpose because of its uniform cellular structure. Pre-peel operations prefer the Kennebec because it maintains its white colour after peeling.

French Frying Potatoes. The french fry processors also have special but slightly different potato specifications. The french fryers demand a larger potato, in fact, they provide a bonus to growers to produce large potatoes. The major french fry varieties are Russett Burbank and Shepody; these varieties are not acceptable for the production of potato chips. The french fry processing potato must also be stored at a higher temperature than tablestock. However, unlike potatoes for chips, french frying potatoes are stored at 46-47 F. degrees. If the storage temperature is lower than this the sugar content rises and the french fry becomes dark in colour and undesirable to the consumer.

The Producer-Processor Relationship

The Task Force and the processing industry agreed during the hearings that the processors needed a special relationship with processing potato producers. The varietal, size and storage requirements of the processor can be met most effectively only through the establishment of a long-term business relationship between the producer and the processor. The processors and the Task Force also agreed that processing crops were handled differently from tablestock.

The nature of the processor-grower relationship differs depending upon the product. During the hearings, the Panel was informed that the practices followed by the chippers and the french fryers were different both between the two industries and from one region to another.

The potato chip industry emphasized that its growers did not have production surpluses because it took all of the potatoes it pre-plant contracted with growers. The chippers also pointed out that in many cases they provided the seed and worked closely with the farmer throughout the growing and storage seasons. They stressed that the farmers producing chipping potatoes enjoyed a long-term and stable relationship with the chipping companies.

The french fry processors stressed that they, too, had a special relationship with the farmers producing their potato supply. They stated that it was very important that they be free to deal with growers who understood the size, variety, harvesting and storage requirements of their industry.

Both producers and processors in the chipping industry indicated satisfaction with the current pre-plant contract method of managing supply and demand. They indicated that this system resulted in a stable price situation. However, producers for the french fry industry expressed concern with the pre-plant contracting practices followed by some companies. Some producers felt that the practice of contracting for less than 100 percent of requirements and delaying contract signing until after spring planting contributed to uncertainty and instability in the market place.

Marketing Channels. The majority of processing potatoes are marketed through a pre-plant contract procedure. Pre-plant contracts are negotiated in a different manner in each province. The french fry processor in New Brunswick pre-plant contracts from 60-70 percent and the potato chipper from 80 to 90 percent of annual requirements. The french fry processor in P.E.I. contracts over 70 percent and the french fry and/or potato chip processors in Nova Scotia, Quebec, Ontario, Manitoba, Alberta and British Columbia contract close to 100 percent of their requirement. Manitoba processors must buy their non-contracted requirements either in the USA or through the Manitoba Vegetable Producers Marketing Board. Potatoes not bought under contract in New Brunswick, P.E.I. and Alberta are bought on the spot tablestock and seed market at various times during the marketing season.

The Maritime french fry processors stated that because they were competing on the world market they had to purchase a portion of their requirements on the spot market. They said that this system permits them to arrive at a price for their processed product which is competitive with the U.S. processed product price. They noted that their competition in the U.S. also tends to contract for part of their requirement and to buy the remainder on the spot market. The french fry and chip processors in New Brunswick negotiate with the **New Brunswick Potato Agency** and the P.E.I. french fry processor with the processing growers committee of the **P.E.I. Potato Marketing Board.**

The French fry and potato chip processors in Manitoba negotiate pre-planting contracts with the **Keystone Vegetable Producers Association** which acts as an agent of the Manitoba Vegetable Producers Marketing Board. That Board has the power to control, regulate and promote the marketing of all potatoes in the province except those used in

processing, provided that a written contract has been entered into prior to the planting of seed. This system ensures effectively that most, if not all, processing potatoes are pre-plant contracted.

The French fry and potato chip processors in Alberta contract close to 100 percent of requirement. Their contracts are negotiated by committees of processing potato growers which are recognized by the **Alberta Potato Commission**. The committees of growers negotiate price and other aspects of the contract with the processors.

As a result of an agreement between **la Fédération des producteurs de pommes de terre du Québec** and the chippers, sanctioned by la Régie des marchés agricoles du Québec, processing potatoes are excluded from those aspects of the Plan conjoint des producteurs de pommes de terre du Québec relating to the control of supply and the joint marketing of a product, but not from any levy fixed by the producers' board (la Fédération). This exemption allows the chippers to deal directly with the producers of chipping potatoes. Negotiations in Quebec are between individual producers and the potato chip processors, however, the producers discuss their bargaining position prior to the commencement of negotiations.

The Ontario system involves dividing the annual pre-planting negotiations into various categories including chips, soups and stews, pre-peel, etc. The **Ontario Processing Potato Marketing Board** sets up a negotiating committee for each category to negotiate the terms and conditions of purchase with the respective processor. If negotiations are unsuccessful by a March deadline date, both producers and processors submit their final offer to a government-appointed arbitrator who selects one or the other offer. The final offer settles the agreed price and terms and conditions for all contracting parties. The individual producer and individual processor then agree to a contract which must follow the terms and conditions of the final offer.

The Nova Scotia-based chip producers negotiate pre-plant contracts with their suppliers through the **Nova Scotia Potato Marketing Board**. Similarly, the potato chip producer in British Columbia is required to negotiate pre-plant contracts through the **B.C. Vegetable Marketing Commission**. The B.C. chip processor contracts for 100 percent of its requirements.

THE EXPORT MARKET

Trends in Export Marketing

Tablestock Exports. Over the past 10 years, Canada's marketed production of export tablestock has increased from 2.1 million cwt in 1976-80 to 3.4 million cwt in 1981-85. As Table VIII indicates, year-to-year total tablestock exports are highly variable. Over 1981-85, tablestock exports have ranged from 2.8 million cwt in 1983 to 4.0 million cwt in 1984 and accounted for 17 percent of national marketed production of tablestock, up from 11 percent in 1976-80.

TABLE VIII

TABLE POTATO EXPORTS
1976-85
CANADA AND SELECTED PROVINCES

	P.E.I.	N.B.	Other	Total
		(000 cwt)		
1976	3,478	446	177	4,101
1977	523	132	154	809
1978	635	261	40	936
1979	1,548	332	407	2,287
1980	1,269	685	521	2,475
1981	1,929	1,451	265	3,637
1982	2,212	949	296	3,457
1983	2,058	735	55	2,848
1984	2,154	1,479	442	4,075
1985	1,239	1,732	48	3,019

As shown in Table VIII, P.E.I. exported about 1.9 million cwt and New Brunswick 1.3 million cwt of their marketed production of tablestock over the 1981-85 period, an increase over the 1976-80 period of 29 percent in P.E.I. and 242 percent in New Brunswick. The increases in New Brunswick exports offset decreases in New Brunswick inter-provincial tablestock sales over the 1981-85 period. For example, in 1978, New Brunswick marketed 1.9 million cwt of table potatoes, 1.6 million on the interprovincial market and 300 thousand on the export market. In 1982, it marketed 1.9 million cwt equally split between interprovincial and export and, in 1984, 1.8 million cwt was marketed as tablestock, 1.5 million cwt on the export and 300 thousand on the interprovincial table market.

Tablestock is also exported from Nova Scotia, Quebec, Ontario, Alberta and British Columbia, but only Quebec and Ontario export any significant volume. Over 1981-85, Quebec exports were as high as 263 thousand cwt and as low as 760 cwt. Ontario exports for the same period ranged from 204 thousand cwt to 22 thousand cwt.

Market Disposition of Export Tablestock. The United States is the major market for Canadian table potato exports. Exports to the USA have averaged 2.8 million cwt annually over the 1981-85 period. Shipments ranged from a low of 1.9 million cwt in 1983 to 3.7 million in 1984.

The West Indies are also a major Canadian tablestock market, as is Puerto Rico. Over 1981-85, yearly sales to Trinidad averaged 437 thousand cwt. The Barbados market developed from 90 thousand cwt in 1981 to 153 thousand in 1984 and 179 thousand cwt in 1985. The market in Puerto Rico varied from a low of 51 thousand cwt in 1983 to 125 thousand in 1982 and 99 thousand cwt in 1985.

Table potatoes were also exported to 18 other countries around the world, the quantities shipped varying widely from one year to the next. For example, Algeria purchased over 400 thousand cwt, all from P.E.I., in 1979, 1982 and 1983, but did not purchase any potatoes in the intervening years.

The offshore table market is serviced almost exclusively by P.E.I. and, to a lesser extent, New Brunswick. Both provinces ship to many of the same countries, P.E.I., however, ships to more countries than New Brunswick. In many years they compete for and sell to the same market, for example, in 1985, New Brunswick shipped 83 percent of the potatoes exported to Puerto Rico and P.E.I., 17 percent; this was the reverse of 1982 when P.E.I. shipped 65 percent and New Brunswick, 35 percent. Similarly, in Barbados, New Brunswick has gradually increased its market share while P.E.I.'s share has decreased.

Seed Potato Exports. Canadian seed potato exports have ranged from a high of 3.4 million cwt in 1980 to a low of 2.0 million in 1985 and 1978. In most years, Canadian exports are in the 2.2 to 2.7 million cwt range, representing 30 to 40 percent of total seed potato marketings. The major seed exporting provinces are P.E.I., New Brunswick and Alberta (Table IX). British Columbia also exports seed each year, while Manitoba, Ontario, Quebec and Nova Scotia export seed in some years.

Over the 1981-85 period, P.E.I. exported about 1.4 million cwt of its marketed production each year, down slightly from 1.5 million cwt in the previous five years. Over the same period, New Brunswick exported an annual average 860 thousand cwt of seed, down from about 1.0 million annually in the previous five-year period.

Alberta's seed exports have been steadily increasing from 4 thousand cwt in 1977 to 61 thousand cwt in 1981, to 227 thousand cwt in 1985. With the exception of 1985, British Columbia exports have been in the 20 thousand cwt range most years. In 1985, that province exported over 100 thousand cwt of seed potatoes.

Market Disposition of Export Seed. Canada exports seed to the USA and to about 24 other countries around the world. The United States is the major Canadian seed market accounting for 35 to 40 percent of seed potato exports. The actual percentage marketed in the USA varied from year to year over the 1981-85 period, from a high of 41 percent in 1981 to a low of 23 percent in 1983. Actual volumes have been in the 600 to 900 thousand cwt range.

Cuba and Venezuela have consistently purchased significant quantities of Canadian seed. Since 1981, Cuban purchases have ranged from 265 thousand in 1982 to 365 thousand cwt in 1985. Over the same period, Venezuelan purchases exceeded 400 thousand cwt in most years.

Portugal, Spain, Italy and Uruguay are also major purchasers of Canadian seed, as is Algeria. Purchases by all of these countries fluctuate from year to year. For example, Algeria purchased 270 thousand cwt in 1984, but did not buy Canadian seed in 1985.

TABLE IX

SEED POTATO EXPORTS
1976-85
CANADA AND SELECTED PROVINCES

	P.E.I.	N.B.	Alberta	Other	Total Canada
			(000 cwt)		
1976	1367	1089	-	84	2540
1977	1191	943	4	80	2218
1978	1229	785	14	46	2074
1979	1551	1110	10	32	2703
1980	2167	1128	74	49	3418
1981	1709	1128	61	49	2947
1982	1288	798	93	17	2196
1983	1642	694	144	19	2499
1984	1528	966	211	18	2723
1985	1016	717	227	109	2069

As with table potatoes, the offshore market is serviced by P.E.I. and New Brunswick, with P.E.I. having the larger share. P.E.I. has the major share of such markets as Venezuela and Portugal, while New Brunswick is the major player in Cuba and the USA. The two provinces compete on the market in several countries including Spain, Algeria and the Caribbean.

Processing Potato Exports. Data on exports of potatoes for processing is only available for Manitoba. The Panel was informed during the hearings that potatoes from other provinces were exported to processors in the USA, but the actual quantity exported was not available. Manitoba exports over the 1976-85 period ranged from 148 thousand cwt in 1979 to 464 thousand cwt in 1981, with annual average exports of 300 thousand cwt over the 10-year period.

Processed Potato Product Exports. Information presented at the hearings by the french fry processors indicated that 35 percent of the potatoes processed in P.E.I., and about one third of those processed in New Brunswick are exported. There are two french fry plants in Manitoba, one plant exports about 20 percent of its production, the other plant does not export at this time. The Alberta french fry processor informed the Panel that its exports were relatively small.

Canada also exports canned potatoes and dehydrated potatoes. The quantities of these products exported are small.

Canada sells processed potatoes to markets in 28 countries around the world. Frozen potato product is the major export to these countries. The USA, Japan and the UK are the primary destination of most Canadian exports (Table X).

TABLE X
FROZEN PROCESSED POTATO PRODUCT EXPORTS
TO SELECTED COUNTRIES
1979-85*

	USA	Japan	UK	Other	Total Canada
			(000 cwt)		
1979	17	12	7.0	19.3	55.3
1980	11	9	3.0	26.5	49.5
1981	13	9	0.4	18.9	41.3
1982	20	10	23.0	15.1	68.1
1983	22	12	9.0	16.6	59.6
1984	44	13	5.0	27.6	89.6
1985	60	15	0.4	26.4	101.8

* Data available in the Profile of the Canadian Potato Industry only covers the 1979-85 period.

Over the 1981-85 period, exports of processed potato products to the USA have risen from 13 million pounds in 1981 to 60 million pounds in 1985. The US market accounted for about 30 percent of exports in 1981 and almost 60 percent in 1985. During the same period, the Japanese market purchased 15 to 20 percent of total exported product, while the market in the UK dropped from 34 percent of exports in 1982 to 15 in 1983, five in 1984 and less than 1 percent in 1985.

The Caribbean has also been a good market for Canadian product, particularly Trinidad and Puerto Rico, which together purchased 16 percent of Canadian exports in 1985 and 12 percent in 1983 and 1984. Frozen potato product is also exported to the European continent, the Middle East, and the Far East.

The Nature of the Export Market

The processors and shippers of potatoes and potato products stated that the Canadian potato market is export driven, that currently the price is established by the US and world markets and that Canada is a small player on the world scene. However, the P.E.I. Minister of Agriculture informed the Ottawa session of the hearing that price was not the only factor affecting the export market:

> "....if you look at Prince Edward Island's success in the seed export market, and the fact that we are exporting to, I believe, in excess of 27 different countries, I can assure you that, although competitiveness in terms of price is a factor, we have not entered 27 countries because we have cheap potatoes. We have entered 27 countries because the product development work has been there so that P.E.I. is providing what would be considered technological superiority in providing disease-free tubers. That is as important a factor as anything else." (Hearing Transcript, page 3,708)

The processing industry stressed that while quality was very important, it was working on the world market and price was the critical factor. It believed that the world market was growing and that there were significant opportunities to market more potatoes and processed potato product.

Maritime producers informed the hearing session that the export markets for tablestock and seed were very competitive. Information they presented confirmed that the export market price is driven by the world market, that these markets are being treated in an ad hoc manner and that their future direction now rests on the entrepreneurial abilities of one or two agressive exporters.

POTATO IMPORTS

Trends

Canada imports about 3.0 million cwt of table potatoes and an average 250 thousand cwt of seed potatoes each year from the USA. The quantity imported varies from one year to the next.

Tablestock Imports. All provinces import table potatoes. British Columbia, Ontario and Quebec are the major importing provinces. Over 50 percent of the British Columbia tablestock market is supplied by the USA. That province imports between 900 thousand and 1.2 million cwt of table potatoes each year, about 35 percent of the total national imports of tablestock. Ontario imports vary from one year to the next, for example, in 1982-83, 650 thousand cwt were imported and in 1983-84, USA imports were over one million cwt. Ontario's imports make up about 30 percent of the national total. Quebec imports about 500 thousand cwt each year, which is about 12-15 percent of national table imports. Alberta at 200-250 thousand cwt per year is the next largest importing province.

Table potatoes are imported from the USA in every month of the year. As Table XI illustrates, imports are largest during the March-August period. The volume of imports increases dramatically in May, June and July and drops off abruptly in September as Canadian new crop potatoes come on the market.

Seed Potato Imports. Seed potatoes are imported into most provinces from the USA. The volumes imported vary widely from one province to another and from year to year. Over the past five years, Manitoba has been the major seed importing province accounting for 50 to 80 percent of imports depending upon the year. Ontario is the second largest importer, bringing in around 20 percent of Canadian seed imports most years. Imports to all other provinces are quite low, most years representing about 10 percent of total national imports.

Imported Potato Prices. Prices for imported potatoes are normally higher than the average Canadian price. With the exception of imports to British Columbia, new crop US potatoes moving into Canada in May, June, July and August constitute the bulk of Canadian imports. These

TABLE XI

TABLE POTATO IMPORTS FROM USA
BY MONTH
1981 TO 1985*

	1981	1982	1983	1984	1985
			(000 cwt)		
July	1209	650	805	1054	782
August	282	226	276	251	243
September-Feb.	547	494	527	525	646
March	144	105	102	143	106
April	210	117	119	187	228
May	379	211	415	367	372
June	581	495	757	683	598
TOTAL	3352	2298	3001	3210	2975

* Crop year - July 1 to June 30.

potatoes usually sell on the Canadian market at a premium price, considerably higher than Canadian previous-year crop potatoes being taken out of storage.

Actual trading prices for US potatoes moving into Canada are not available for analysis.

Canada-USA Balance of Trade

Table Stock and Seed. Chart XIV illustrates exports and imports of table and seed potatoes from and to the USA. Table XII shows the Canada-USA trade balance in tablestock and seed potatoes.

Processed Product Trade. Canada is in a very favourable position in the frozen potato product trade. Over the 1979-85 period, Canadian exports of frozen potato product have increased from 17 million pounds in 1979 to 60 million pounds in 1985. At the same time, imports of frozen potato product from the USA remained in the 3 million pound range, except for 1985 when they doubled to 6 million pounds.

Other potato products imported from the USA, including instant mashed, dried, potato starch and canned potatoes, averaged about 4.0 million pounds per year over the 1981-85 period. During the same period, Canada exported 500-600 thousand pounds of canned potatoes to the USA. Data in not available on exports of other processed product.

Table XIII sets out the net Canada-USA balance of trade in frozen processed potatoes.

TABLE XII
CANADIAN TRADE OF TABLE AND SEED POTATOES WITH THE USA
1976-1985

	1976	1977	1978	1979	1980	1981	1982	1983	1984	1985	AVERAGE
						(000 cwt)					
Table (fresh)											
Exports	612	732	682	1,049	2,268	3,330	2,611	2,119	3,786	2,426	1,962
Imports	5,056	3,652	3,322	3,047	2,735	3,354	2,298	3,000	3,208	2,975	3,265
Net Trade	-4,444	-2,920	-2,640	-1,998	-467	-24	313	-881	578	-549	-1,303
Seed											
Exports	233	584	501	583	1,585	1,323	682	618	944	696	775
Imports	453	454	325	177	127	149	165	185	229	235	250
Net Trade	-220	130	176	406	1,458	1,174	517	433	715	461	525
Total Potatoes (fresh)											
Exports	845	1,316	1,183	1,632	3,854	4,653	3,293	2,738	4,731	3,122	2,737
Imports	5,509	4,106	3,647	3,224	2,863	3,503	2,463	3,186	3,438	3,210	3,515
Net Trade	-4,664	-2,790	-2,464	-1,592	991	1,150	830	-448	1,293	-88	-778

Source: Statistics Canada Trade Tapes & Agriculture Canada
Table Imports and Exports #9182
Seed Imports and Exports #9180

TABLE XIII

CANADIAN TRADE WITH THE USA
FROZEN PROCESSED POTATO PRODUCT
1979-85

	1979	1980	1981	1982	1983	1984	1985
				(000 lbs)			
Exports	17,084	11,075	13,133	20,066	22,547	44,039	59,939
Imports	2,958	3,301	3,240	2,777	3,232	2,811	6,280
NET TRADE	14,126	7,774	9,893	17,289	19,315	41,228	53,659

CHART XIV

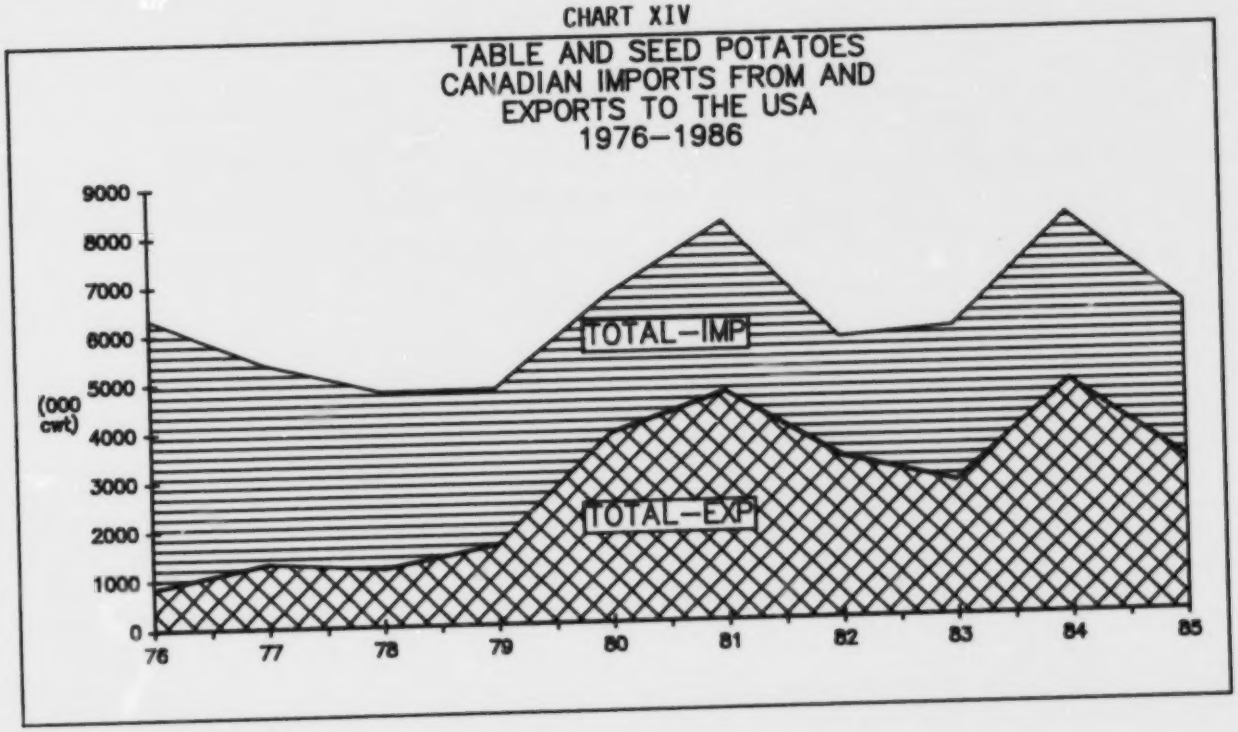


TABLE AND SEED POTATOES
CANADIAN IMPORTS FROM AND
EXPORTS TO THE USA
1976–1986
9000
8000
7000
6000
5000
4000
3000
2000
1000
0
(000 cwt)
TOTAL–IMP
TOTAL–EXP
76
77
78
79
80
81
82
83
84
85

V. SYNTHESIS

POWERS TO BE GRANTED TO A NATIONAL AGENCY

The following constitutes the Panel's understanding of the evidence presented to the hearings with respect to the powers which the Task Force proposed be granted to a national agency. The Panel has utilized this list of powers as a convenient framework around which the evidence may be related, positions explained and the evolution of the concept during the hearings discerned.

The Task Force in its "Proposal for a Program for the Marketing of Potatoes in Canada", established the following objective:

"(1) The objective of the proposed marketing program is to ensure the maintenance of a viable potato industry in Canada. This can be achieved by administering in a coordinated manner the regulatory powers provided in the FPMA Act and Provincial Marketing Acts. Such a program can provide a stable production and marketing environment, strive for an efficient and competitive industry and provide fair returns to producers and reasonable prices to consumers."

The Task Force presented its views at the hearing session in Charlottetown on April 28, 1987, and subsequently at hearing sessions held across the country. Its views were the topic of much discussion and many suggestions for change. As the hearing process evolved, the Task Force's ideas and concepts were elaborated and explained as was its position on several aspects of the proposal.

At the summation hearings in Ottawa, July 15, 1987, the Task Force presented a document which it said was designed to:

> ".... address questions raised by the intervenors and .... clarify some of the answers judged to be imprecise by the processors during the course of the public hearings." (Hearing transcript pgs. 3188-3199)

This document set out five essential elements to be included in the marketing plan for a national agency: supply management; allocation of marketing quotas; price setting; surplus removal; and import controls.

In addition to these basic elements proposed by the Task Force during the hearings, other alternatives to an agency as described by the Task Force were proposed by intervenors: (a) national tri-partite stabilization; (b) a national agency to deal with questions of improved production and marketing practices, market intelligence, market promotion and industry consultation and coordination; (c) establishment of an industry consultation process, and (d) a national potato commission.

The Panel has organized the evidence presented to the inquiry around the five fundamental elements set out by the Task Force and the alternatives proposed by intervenors. The following sections provide a synthesis of the evidence presented.

SUPPLY MANAGEMENT

Task Force Proposal

The Task Force explained that the purpose of supply control under a national agency would be to level out the supply peaks and the price valleys experienced by the potato producer. In its view, a national agency would be able to implement a supply control marketing strategy which would protect growers from price instability caused by supply variations. The national agency would implement this marketing strategy through each of the provincial boards, thereby ensuring a harmonized approach to national potato marketing.

The Task Force proposed that supply control would permit potato producers to match supply to estimated market demand and coordinate the delivery of potatoes to the market. It pointed out that two major factors were primarily responsible for table market volatility: (a) the perceived supply in the marketing chain including producer storage; and (b) poor scheduling of delivery to the market.

The Task Force explained that a small oversupply or perceived oversupply can have a major impact on table market price. For example, intervenors in Toronto and Quebec City stated that, on the Toronto market, if brokers and buyers believed that there was a large supply of potatoes in storage in P.E.I., Quebec or New Brunswick, they may lower the Toronto price which, in turn, would affect the price on the total eastern Canadian market, including the price that processors pay for processing potatoes on the spot market.

Scheduling of deliveries to the Toronto market or other major markets was said to be an important factor in establishing price. The Task Force stated that two truckloads of potatoes delivered to a large market like Toronto at the wrong time could severely depress the market price. It attributed this type of delivery either to inappropriate scheduling of deliveries due to the lack of good market information, or to one province moving large quantities of low grade or low priced potatoes into another province. The latter situation was mentioned by producers from Thunder Bay at the Winnipeg hearing session and by producers from Newfoundland and Nova Scotia at the Charlottetown and Fredericton hearing sessions.

Other Intervenors Comments

Initially, the Task Force proposed that all aspects of the industry would come under supply control. The potato chip industry responded by describing its pre-plant contracting system which it stated acts effectively as a supply control mechanism. In the chip industry's view, a national supply control agency would simply add a new administrative layer to a system that most producers and processors felt was working well.

The potato chip processors stated that the supply control problem was in the table market and that chipping potatoes were not suitable for the table market. However, several intervenors stated that while chipping varieties did not make good table potatoes, some of the early chipping varieties are sold in the summer and early fall period for either chipping or table use and thus often become a part of the tablestock supply. In response to this, the chippers pointed out that any chipping potatoes that moved to the table market were offset by equivalent purchases from tablestock producers, thus the volume would even out and not adversely affect the table market.

The french fry processors objected to the concept of supply control. New Brunswick and P.E.I. processors stated that they were now pre-plant contracting a large portion of their potatoes and that the application of supply control would drive up their raw product price and make them non-competititve on the world market. Western Canadian french fry processors stated that they were now contracting close to 100% of their requirement, effectively controlling their supply, and should not be included.

Both the chipping and french fry processors also noted that processing potatoes required special storage treatment which made them unsatisfactory for the table market. However, many intervenors stated that there was a significant interchange between the table, seed and french fry markets in P.E.I. and New Brunswick and to a lesser extent in the West.

The Task Force agreed that pre-plant contracts were an effective means of controlling supply. They recognized that the processors were able to manage supply and demand and suggested that pre-plant contracts could be considered as being the processing quota.

The Task Force agreed with the processors that crops for french fries, potato chips and tablestock were handled differently. They also acknowledged that because of the special varietal and storage needs of processing protatoes, the french fry and potato chip processors needed a special long-term relationship with processing potato producers.

ALLOCATION OF MARKETING QUOTAS

Task Force Proposal

The Task Force proposed that the national agency would determine the annual supply target and the annual allocation to each province. It stated that initial quota allocation would be based upon market shares in the five-year period immediately preceding the establishment of the agency. In Ottawa, the Task Force indicated that allocation of marketing quota could be a part of federal-provincial negotiations. During the five-year period after the agency was established it would develop a system of allocating increases or decreases in market demand. This system would then become a part of a federal-provincial agreement.

The Task Force explained that quota would be allocated to meet the annual requirements of both the domestic and export markets. Initially, the Task Force proposed that in calculating the annual allocation the agency would include a projection of total requirements within Canada including the processors' requirements and the requirements for the export market. At the Ottawa hearing session, the Task Force stated that the processing quota annually allocated to each province could be the volume indicated on the signed processing contracts in that province rather than an amount to be predetermined by the agency.

The Task Force stated that the annual national quota would be set by the national agency and the agency in turn would allocate quota to each of the provincial boards. The provincial boards would be responsible for allocating annual quota to their producers and for the division of this quota between table, seed, processing and export.

The Task Force also proposed that all producers be licensed under a national agency. Smaller producers and market gardeners might be exempted from the plan. The Task Force indicated that this would require further negotiations.

The Task Force and some provincial producer groups took the position that quota should not have value and should be managed following the Manitoba model. In Manitoba, quota is under the complete control and is the property of the Manitoba Vegetable Producers Marketing Board. Each year, the Board analyzes market demand and allocates a quota for all potatoes not pre-plant contracted to processors. The quota is set at a level to meet the demand or slightly less than the demand for tablestock and seed. To ensure that the value of potato quota is not built into the purchase price of a potato producer's property, the Board directs the purchaser to the Manitoba Natural Products Marketing Council which will provide a list of approved appraisers; the purchaser then arranges for an appraisal with a selected appraiser. If it is determined that a value for quota has been added, the Board will not grant quota rights to the purchaser.

Other Intervenors Comments

Intervenors raised a wide variety of issues both in support or partial support of and opposition to the proposed method of allocating market quotas.

Quota Value. Notwithstanding the fact that the Task Force rejected the idea of quota value, many intervenors were not convinced that the Manitoba model or any other model, would ensure that quota did not attain a monetary value. Statements made by some producer representatives and some Task Force members indicated that quota value was probably inevitable, it being maintained that if the quota gained value, it was evidence of a successful business.

Intervenors also expressed concern that quota value would lead to higher prices for the consumer. Consumers representatives stated that

because high quota values are an aspect of all existing supply management schemes, the consumer pays more than the actual cost of production.

Quota Allocation. The negative impact of allocating quota based on market shares over the five years preceding establishment of an agency, was highlighted by intervenors from Newfoundland, Nova Scotia, New Brunswick, Manitoba and Saskatchewan.

Newfoundland producer representatives asked for some sort of special dispensation to permit local producers to gradually increase their share of their own provincial market. Nova Scotia producers were concerned that an agreement be negotiated with neighbouring provinces to ensure that Nova Scotia producers could expand if they wished. The Manitoba Vegetable Producers Marketing Board wished to exclude processing potatoes from the allocation so as to permit continued growth of the processing industry in that province. Saskatchewan had very recently reached self-sufficiency and its producer representatives did not want to reduce their current production levels; thus they objected to the use of the preceding five-year period for establishment of their base market share. The Alberta Potato Commission stated that it did not plan to join an agency at this time, however, it wanted some provision for future participation by Alberta or of opting out by other provinces.

Possible declines in the export market and the treatment of export quota were major concerns of intervenors from several provinces. New Brunswick and P.E.I. producers stressed that the export market was of signal importance to them, and they wanted to be assured that this market would not be lost. Ontario and Quebec producers suggested that the federal-provincial negotiations could include the development of a formula to deal with quota allocation in an expanding or contracting export market. Manitoba producers, however, were not prepared to support inclusion of the export market in the determination of national quota.

There were mixed views on how annual quota should be allocated to a producer, that is, individually for table stock, seed, processing and export, or globally, with the producer and the provincial board deciding how it should be split.

The processing industry stressed that, as it was working in a growing world market, it believed that there were significant opportunities to market more potatoes and potato products and, hence, was very concerned that an "inflexible" quota system would hamper its ability to expand. Industry representatives were also concerned about losing their ability to contract for potatoes from acceptable suppliers. On the other hand, some producers were concerned that if processing potatoes were excluded from quota allocation and if they did not have a table or seed quota that they would be out of the potato business if they lost their contract with a processor.

Estimating Annual Supply. Many intervenors asked the Task Force to explain how a national agency would estimate demand for the various markets and varieties; how the national agency would deal with the

requirements of a processor wishing to expand an existing plant or build a new plant; and how export market gains or losses would be taken into account in estimating the supply allocation to each province. The Task Force responded that these issues would be dealt with in the federal-provincial negotiations. However, the Task Force anticipated that an industry committee would be established consisting of processors, retailers, consumers, etc., to advise the agency on these issues.

The Task Force stressed that the national agency's task would be to define market demand and to allocate a marketing quota to each province. Processors, consumers and retailers questioned the likely ability of a national agency to match supply with demand. On the basis of their experience with other supply management agencies, they stated that it would be impossible to match the supply of a land-based crop, subject to climatic variations, to the demands of a diverse market. The Task Force disagreed, stating that the experience in Manitoba with table potatoes and in several provinces with processing potatoes, supported their contention that it was possible to match supply and demand.

A number of intervenors questioned the Task Force's contention. They challenged Manitoba's use as a model, pointing out that it was quite different from most other provinces. The differences were said to include: lower yield variability; over 70 percent of potatoes are grown for processing; a single market (Winnipeg) for table potatoes; a preference for a red potato on the table market; and high transportation costs which insulate the province from competition.

The availability of appropriate provincial legislation and the level of provincial experience with supply control boards were discussed. Opponents of the proposal stated that legislative authority did not exist in all provinces and that producers in all provinces, except possibly Manitoba and B.C., lacked experience with supply management and quota allocation. The Task Force noted that most provinces either had or were prepared to obtain the necessary legislative authority, that the question was really one of obtaining federal authority to coordinate and control interprovincial movements and to set global supply allocations. Further, it felt that most provincial boards had or could obtain sufficient experience and expertise to implement a supply managed marketing scheme.

The Task Force considered good control of both intra and inter-provincial movement of potatoes as an essential element of the marketing approach. However, a number of intervenors expressed doubt that a national agency or the provincial boards would be able to attain the level of control required to permit the system to work well.

PRICE SETTING

Task Force Proposal

The Task Force, in its "Proposal for a Program for the Marketing of Potatoes in Canada", proposed two price-setting mechanisms:

for non-processing product:-

"the basic objective is to strive towards covering provincial cost of production, plus a reasonable return based upon a common agency formula..."

for processing product:-

"It is proposed that pricing of regulated product for processing be negotiated on a pre-season basis between processors and provincial commodity boards..."

Over the course of the hearing, the Task Force was asked on many occasions to clarify and describe its pricing concepts in detail. Its responses to these questions provided an elaboration and clarification of the two mechanisms set out above.

Non-processing Product Pricing. The national agency would develop a pricing system which would have as its objective achieving provincial cost of production plus a reasonable return. The system would be market-driven, that is, due to marketing, financing and storage conditions, it may not always be possible for producers to achieve their cost of production plus a reasonable return.

There would be two interrelated aspects to the price-setting mechanism: supply control and in-quota surplus buy-back. With supply control there would be a finite supply of potatoes on the market, which amount would equal the estimated annual market requirement. The use of in-quota buy-back as a means of intervening in the market and ensuring a cost of production plus reasonable return price was explored in some detail. End of the marketing season buy-back of unsold stocks was proposed as one means of allowing producers to withhold potatoes from the market until prices improved. A second option involved the agency intervening in the market as a purchaser whenever the market price dropped below cost of production plus a reasonable return. In both cases the national agency would be the purchaser and the provincial boards would administer the program.

Processing Product Pricing. The Task Force stated that all processing potatoes should be pre-plant contracted. It was suggested that the Ontario model be used as a means of establishing the processing potato contract price. The Task Force noted that the contract price now paid by processors was providing a reasonable income to producers and that the system now in use in the potato chipping industry was a model that worked well.

The Ontario system involves dividing the annual pre-planting negotiations into various categories including chips, soups and stews, pre-peel etc. The Ontario Processing Potato Marketing Board sets up a negotiating committee for each category to negotiate the terms and conditions of purchase with the respective processor. These terms and conditions set out variety, price, delivery date, quality, storage conditions, etc. In arriving at a negotiating position, both producers and processors take cost of production and production and marketing conditions into account. If negotiations are unsuccessful by a March

deadline date, both producers and processors submit their final offer to a government-appointed arbitrator who selects one or the other offer. The final offer settles the agreed price and terms and conditions for all contracting parties. The individual producer and individual processor then agree to a contract which must follow the terms and conditions of the final offer. The Task Force stated that the national agency would not become involved in the negotiation of provincial processing contracts.

Other Intervenors Comments

Cost of Production Formula. The Task Force, when questioned, was unable to produce detailed information on provincial costs of production. The Panel asked that each of the provincial governments and/or provincial marketing boards provide it with an up-to-date cost of production formula and a price for its province. Most provinces provided cost of production information, however this information varied in format, calculation methodology and actual costs.

The Task Force acknowledged that the different provinces could have different costs, but that under its proposal, each province would eventually have to adopt a standard national method of estimating or obtaining costs which took regional and provincial variations into account. The Task Force stated that a common policy on the use of provincial cost of production plus a reasonable return as a measure of adequate price would be developed by the national agency under the supervision of the NFPMC.

The use of a standard cost of production formula to determine appropriate price levels was attacked by consumers and processors from two points of view. They felt that it would be difficult to arrive at a formula which reflected the individual, provincial and regional differences in production costs. The consumers and some other intervenors questioned the equity aspects of price setting, it being maintained that supply management schemes hit low-income consumers hardest while providing the greatest share of the benefits to the top one third of the producers in the supply managed commodity.

Alternative Non-Processing Pricing Mechanisms. Three different existing example methods of establishing or enhancing price for non-processing product were described.

- In Manitoba, the commodity board has the power to set price and to sell potatoes. In that province the price is set on a regular basis by a committee of wholesalers, producers and board staff. The price is based upon the price of competing US and Canadian potatoes. When established, it becomes the price at which the board sells potatoes to the wholesalers.

- The Ontario Fresh Potato Marketing Board does not involve itself in single desk selling but it does utilize a price-setting committee made up of producers and members of the trade. This committee regularly reviews the market situation and recommends an appropriate selling price which takes US and eastern Canadian

supplies and prices into account. The board then establishes the price to be paid to producers.

- Quebec producers have recently established Pomexpan, a private, producer-owned company. Pomexpan promotes Quebec potatoes, coordinates market deliveries and helps producers with market decisions. Pomexpan does not set price but attempts to keep prices at acceptable levels by scheduling market deliveries.

Processing Pricing Mechanisms. The Maritime french fry processors objected to any requirement that all processing potatoes be pre-plant contracted. They stated that in order to be price competitive on the export market, it was essential that they purchase a portion of their needs on the spot market. If they were required to contract 100 percent or if they had to buy potatoes on the spot market within a supply management context, they would lose the export market.

Producers and processors in the chipping industry across Canada and producers supplying french fry processors in Manitoba and Alberta expressed satisfaction with the pre-plant contract method of establishing price. They indicated that this system had resulted in more stable and usually higher prices than those obtained on the tablestock market. The Task Force agreed that the experience with the chippers and the western french fry plants was generaly favourable, but expressed concern with the pre-plant contracting practices followed by french fry processors in eastern Canada.

Export Price Impact. Intervenors from the exporting provinces expressed concern that the proposed pricing mechanisms would have an adverse effect on the seed and tablestock export market. They pointed out that the export tablestock and processed product market price is set by the US market not by the Canadian market. The market price for Canadian seed is set in Europe, and Canadians must compete against this price. In their view, if Canada is to maintain its export trade, a two price system (domestic and export) would inevitably be developed.

Some Task Force members suggested that export price problems could be overcome by the use of a two-price or blended price system. The processors stated that that sort of system would not work because it would invite anti-dumping action by the USA. Proponents of the blended price system countered by stating that a blended price, without public funds, would not be a violation of GATT rules and that successful anti-dumping actions require demonstration of injury, not just that the export price is lower than the domestic price.

The representative of the US National Potato Council stated that he doubted that the US industry would go along with a two-price system or blended price system.

SURPLUS REMOVAL

Task Force Proposal

The Task Force proposal included two types of surplus removal program: agency purchase of in-quota product, and over-quota surplus removal. The Task Force initially explained both types of surplus removal programs as follows:

In-Quota Surplus. If the national agency allocated more quota for the year than the market demanded, then the national agency, through the provincial boards would bear the responsibility for this surplus, and would buy it from producers at their provincial cost of production plus a reasonable return. All producers in Canada would share in the cost of these in-quota surplus purchases. The funds for the purchase would come from producer levies and would be included in or deducted from the purchase price.

Over-Quota Surplus. The national agency would issue quota to the estimated size of the market. If a producer or a province grew potatoes in excess of their quota, a surplus would result and all disposal costs would be borne by those creating the surplus. Cost of over-quota surplus removal would have no bearing on the cost of production calculation.

Operation of Surplus Removal Programs. The Task Force stressed that surplus removal would be one part of a marketing strategy which would involve supply control, better understanding of the markets and better control on movement of surplus potatoes from province to province and region to region. As a result it did not expect that a major surplus situation would occur on a continuing basis.

The Task Force indicated that it was aware that major surpluses can be created by variations in the climate. It contended that a national agency would be well placed to deal with this type of surplus because it would have the power to coordinate and schedule movement of potatoes from surplus to deficit areas, without upsetting the market. If this alternative was not viable, then, in the case of in-quota surplus, the national agency would buy potatoes at the provincial cost of production plus a reasonable return to the producer.

Over-quota surplus disposal would be supervised by the provincial board and could involve moving the potatoes to cattle feed, an alcohol plant, or some other use which did not compete with in-quota marketings. The Task Force stressed that over-quota surplus potatoes would not be dumped on any other domestic or export potato market and that the removal cost would be the producers' responsibility. In its view, this would take away any incentive for a producer to produce more than quota on the chance that a market might be found for the surplus.

Other Intervenors Comments

Intervenors from coast to coast raised a number of questions and issues surrounding the surplus removal aspect of the Task Force

proposal. Those in opposition to the proposal questioned the effectiveness of the proposed surplus removal programs. They stated that the cost of in-quota surplus removal would lead to increased producer and consumer costs and increased pressure on governments to subsidize the removal of surplus. The details of the surplus removal programs were also questioned in terms of the cost of a levy, the final destination of the product, the stage in the marketing season at which surplus would be removed, the application of the cost of production formula and the ability of the national agency to deal with a recurring problem in one province.

Intervenors in western Canada identified over-quota surplus removal as primarily an eastern Canadian problem. Manitoba intervenors rejected the concept of in-quota surplus removal as being unnecessary. In their view a combination of pre-plant contracts for processing potatoes and supply management for all non-contract potatoes should permit the provincial boards to match supply with demand.

The potato chip industry emphasized that there would never be an in-quota surplus in its industry because it agreed to take all potatoes contracted for in the pre-plant contracts with growers. The chippers appeared to be able to do this by contracting for a few percentage points below their anticipated requirements. This system takes yield variability into account and allows the processing company to trade off between growers in surplus and growers in deficit.

The Task Force maintained that effective supply management required setting up of in-quota surplus and over-quota surplus removal, or management programs to balance supply and demand. In its view, with experience, an agency would be able to predict market requirements, and, as a result, in-quota surpluses would only occur if there was a decline in consumer demand. However, climatic variations and the nature of a land-base crop were almost certain to create occasional over-quota surplus, the cost of removing this surplus would be borne by the producer creating the surplus.

IMPORT CONTROLS

Task Force Proposal

The Task Force stated that a bilateral agreement setting out the volumes of potatoes that could move to and from the USA was an essential part of setting up a national agency. This agreement would protect the Canadian market by restricting imports to a predetermined amount. It would be negotiated government to government under the terms and conditions of the General Agreement on Trade and Tariffs (GATT).

The Task Force stressed that it would be impossible to balance Canadian supply and demand without a working system of import controls. It informed the hearing that it was not its intention to stop all potato imports, but, rather, to develop a program of complementary and controlled imports and exports between Canada and the USA. It proposed that such a program would establish volumes to

be traded, scheduling of imports and exports and the terms and conditions under which the scheme would operate.

Other Intervenors Comments

Border Control. Intervenors from a number of provinces stressed that if Canada was to balance supply with demand it was essential to control the entry of potatoes and processed potato product into Canada from the US. They pointed out that under GATT, supply management marketing systems can have import controls as long as domestic production is fairly controlled.

Representatives of both the US National Potato Council and the American Farm Bureau appeared at the hearing and stated the US producers position on the formation of a national agency. The Potato Council opposed the formation of the agency as proposed because the proposal did not address several of their concerns: that all potatoes (seed, tablestock and processed) be included; that all areas in Canada must be included in the agency; that surplus product should not be exported; that a fair and reasonable quota be established on both imports of potatoes and potato products from the US and on exports of potatoes and potato products from Canada to the US; that regulations and penalty provisions be in place to regulate import and export quotas; and that a bi-lateral trade agreement be in place as part of the agency apparatus. The Council indicated that following the establishment of the Canada-US free trade agreement it would support negotiation of an Agreement which dealt with the concerns listed above as well as several others dealing with container laws, phytosanitary regulations, stabilization and producer assistance programs.

The US National Potato Council also stated that the bi-lateral agreement should take traditional cross-border trade into account. That is for example, P.E.I. sales into New England and Washington State sales into British Columbia. The US Council's position would be that cross-border movement should be on a one to one basis with a negotiated cap on total movement in each direction.

The American Farm Bureau Federation also expressed reservations and concerns similar to those set out by the National Potato Council.

The Export Market. The maintenance and further development of the export market was of primary concern to potato producers, shippers and processors in P.E.I. and New Brunswick. Alberta seed potato producers also wished to be assured that their US seed potato markets would not be adversely affected. Evidence presented at the hearing sessions in these three provinces stressed that the seed, table and processing export markets offer the best opportunities for future growth.

The export market for Maritime potatoes and potato products is both in the US and offshore. Table potatoes are exported primarily to the USA, seed potatoes to the USA, Europe, North Africa, and South America, french fries to the USA and to a large number of countries around the world. The processors and shippers of potatoes and potato products stated that the Canadian potato market is export driven, that

currently the price is established by the US and world markets and that Canada is a small player on the world scene.

Producers in P.E.I. and New Brunswick made it clear that their export markets must be protected within the national agency. They stated that a bilateral, Canada-USA agreement on exports and imports was the cornerstone to their support for a national agency. The producers stressed that they felt exposed in the US market and that such an agreement would set the ground rules for US and Canadian producers to participate in each other's market. In recognition of the exporters' concerns, export quotas and a variety of two-price systems were explored during the hearing.

Export Pricing. The Task Force suggested that with supply management, the GATT permitted the imposition of import controls and allowed the agency to ask for negotiation of a Canada-USA bilateral agreement, permitting Canada to export a set amount of potatoes to the US market. In addition, some Task Force members suggested that in order to compete on the offshore seed and tablestock markets that Canadian potatoes would have to be sold at the world price. If the world price was lower than the domestic price then consideration could be given to using a price pooling or price blending system.

Opponents of this proposal felt that it ignored international trade laws and did not consider the fact that GATT only covers non-processed supply managed product. In their view any attempt by Canadian exporters to sell on foreign markets at prices lower than the price levels in Canada would invite retaliatory anti-dumping actions by the USA and action under GATT by other countries.

Proponents of the proposal suggested that a blended price might be a way of avoiding the two price issue. They suggested that a blended price, without public funds, would not be in violation of GATT rules. Further, they mentioned that before an anti-dumping action could be successful, material injury must be demonstrated and that this would be diffcult to do in Canada's case. The representative of the major processors disagreed stating that blended prices would not be an acceptable defence to dumping.

Import Controls. Producers in British Columbia were concerned that their market be protected from low-cost US Columbia Basin exports into the Vancouver market. B.C. producers have already won an anti-dumping case against Washington State producers. They felt that with a national agency, a bilateral agreement could be negotiated under GATT which would provide them with continuing protection.

OTHER ALTERNATIVES

Introduction

Throughout the hearings, many intervenors commented on the problems in the industry and proposed alternatives to a national supply managed agency. Intervenors pointed out that there is no national body to provide long-term leadership and policy direction to the industry. The need for a national approach which would permit industry wide

consultation on marketing issues and which could coordinate improved potato marketing and promotion was also noted.

Proposals

The New Brunswick Minister of Agriculture suggested an agency with reduced powers:

> "...while our Department opposes the idea of a national Agency with supply management powers as outlined in the proposal, we do feel that something should be done and recommend that other options should be considered. There may be merit in having a national Agency with reduced powers which would focus on such activities as market information, product promotion and quality improvement. Such an Agency would be effective if provinces were to cooperate in voluntarily keeping production in line with market demand. Other options could also be explored." (Hearing Transcript page 1,379)

The Alberta Potato Commission representative proposed an agency with coordinating powers:

> "...we would hope if nothing comes out of this national agency, at least, a national body could be formed for promotion and research, a coordinating body. We feel this is is something that has been lacking in the Canadian potato industry and, perhaps some of our problems could be solved in that manner..." (Hearing Transcript page 2,871)

The Canadian Potato Chip and Snack Food Association at the Ottawa session suggested that further consultations were required before the nature of any agency could be determined:

> "What is needed, first of all, is wide consultation between all participants in the potato industry. This approach will lead to a proper understanding of the problems in the industry and their causes and the appropriate solution or solutions to these problems. It is only at this time that a detailed proposal should be developed which would deal effectively with these problems in a meaningful and constructive manner." (Hearing Transcrip page 3,464)

The National Farmers Union proposed the establishment of a Canadian potato commission. The commission would be national in scope, utilize single desk selling, supply management, equal opportunity to deliver, price based on cost of production plus return on labour and investment, initial price guaranteed by the federal government, final payments to be based upon actual market price, government grades and inspection on all sales, price pooling (varying by variety, class and grade), advance crop loans, all sales through the commission, control of imports and exports, transportation costs to be pooled, and the commission to be appointed by the government.

Tri-Partite Stabilization

Stabilization programs were proposed as a viable alternative to a national supply managed agency. Representatives of the consumers, retailers and processors suggested that a stabilization program would be a fair and equitable means of stabilizing year-to-year producer incomes.

All three groups recognized that in given years, producers, in one part of the country or another, do not receive a fair return for their potato crop. It was proposed that a tri-partite stabilization program funded by producers, the federal and provincial governments would stabilize producer returns.

Tri-partite stabilization was preferred to supply management by opponents of the Task Force proposal on both philosophical and practical grounds. The imposition of supply management and price setting powers through a marketing agency was critized as being philisophically contrary to the operation of the free market and the best interests of the consumer. Further the proponents of stabilization stated that the cost of such an approach would be visible to the taxpayer.

Those favoring tri-partite stabilization also contended that it would be easier to implement than supply management. In their opinion the difficulties involved in estimating supply and arriving at an acceptable cost of production formula would be severe, because potatoes are a land based crop subject to climate, yield and other production variations. In addition, experience with existing supply managed agencies led them to believe that the export market would be lost, the costs to consumers would rise dramatically and a minority rather than a majority of producers would be the benificiaries.

The Task Force rejected tri-partite stabilization as an acceptable alternative. In its view, the premiums would increase producers' costs while providing them with returns which it felt would be below their cost of production. It also stated that in its view, such a plan would be burdensome on the taxpayer and would perpetuate the current weak industry situation without the consumer being aware of the real product price.

The cost and the effectiveness of tri-partite stabilization in overcoming income stability problems was highlighted by a number of internors including the ministers of agriculture from P.E.I. and Quebec. The Quebec Minister rejected stabilization as a viable alternative. He pointed out that Quebec's income assurance plan has been in effect for some years, that it is cost shared with producers, that it is in a large deficit situation, and that the producer income problem has not been resolved.

The P.E.I. Minister noted that he would be guided by the wishes of the producers in P.E.I. If they indicated that they favoured tri-partite stabilization he said that he would not reject it in an cutright fashion. However, he informed the hearings that the costs of such a plan to the producers and to the provincial treasury would be so high

that it would not appear to be an acceptable solution to the problem of price instability.

Other Invervenors' Comments

Market Information. The lack of adequate and reliable market information was identifed as a major constraint to developing a marketing strategy for the industry. The inadequacy and ambiguity of information on prices and marketings on both the domestic and export markets was clearly demonstrated by the vague responses to questions on this topic from the Task Force and the various intervenors. The comments made at the hearing sessions confirmed the problems observed in preparing the Profile of the Canadian Potato Industry. In preparing the Profile, it was discovered that available industry data was incomplete and difficult, if not impossible, to compare from one jurisdiction to another. It was also apparent to the Panel that little economic research has been conducted on the functioning of the potato market. Intervenors were unable to provide the Panel with any significant amount of research data or information on such issues as price elasticity, consumer preference, import and export movements, etc.

Production Problems. Intervenors at the hearings identified a range of production, marketing and structural problems which lower the competitiveness of the industry. The Panel was informed that there are varietal, quality, storage, and phytosanitary problems and issues which must be dealt with if markets are to be retained and expanded. Producers, processors and dealers stressed that capturing and holding a market was a question of being price competitive and having a quality product, but that much work is required if the Canadian potato is to gain and hold a reputation for quality.

Promotion and Market Development. The Panel was advised that the producers have raised limited promotional funds, and that there is not a substantive national potato promotion program. At the provincial level, the P.E.I. Potato Marketing Board and Pomexpan in Quebec were mentioned as two good examples of successful attempts to market and promote table potatoes. However, evidence presented at the hearing did not demonstrate that these successes were being duplicated in every province. In fact, in one case, producer-funded activities were critized by intervenors from the retail sector as being an uncoordinated and ineffective means of increasing market demand for potatoes.

The hearing sessions were informed that the export markets for both tablestock and seed were very competitive. However, very little evidence was presented to the Panel to show that there was any industry-wide strategy to maintain, promote or develop further export markets. Potatoes Canada was mentioned in the Maritimes as one effort in this area. However, it did not receive enthusiastic support from intervenors. Information presented indicated that the export market is being treated in an ad hoc manner, with its future resting on the entrepreneurial abilities of one or two aggressive exporters.

CONSUMER AND INDUSTRY REPRESENTATION

Consumers, processors and retailers all requested that they be represented on the board of directors of any agency which may be established. In their view, they should be consulted and involved in decisions on a potato marketing plan. The Task Force position was that the agency's board of directors should be limited to producer representatives but that consumer, processor and retailer representatives could be members of sub-committees under the board.

COST OF OPERATION

Consumers, processors and retailers stated that the costs of operating the agency could be excessive and were unknown. They expected that they would include levies for surplus removal, promotion and administration. The Task Force was unable to quantify the likely costs.

VI. ANALYSIS

INTRODUCTION

The Panel has summarized and analysed the evidence presented to it at the hearing sessions, in the written submissions and in the Profile of the Canadian Potato Industry prepared by Agriculture Canada. In previous chapters, the strengths and weaknesses of the potato industry have been discussed.

This Chapter presents the Panel's comprehension of the problems in the industry, its view of the essential factors which must be considered in formulating a plan to overcome industry problems and its analysis of the appropriateness of the Task Force Proposal in this regard. The Panel's understanding and its analysis are based upon the major arguments presented to the inquiry by the various intervenors.

THE INDUSTRY'S PROBLEM

Based on the evidence presented at the hearing, the Panel concluded that maintaining the status quo will not ensure the long-term economic viability of Canadian potato producers. Primary potato producers, in general, do not take an organized approach to marketing their product. As a result, potatoes, particularly tablestock and seed are marketed in an uncontrolled manner, prices fluctuate and producers face uncertain financial returns.

The problem has been exacerbated by a number of factors, particularly:

- **The lack of a national voice for producers in the potato industry has led to an uncoordinated approach in dealing with industry problems and issues.** Intervenors at several hearing sessions pointed out that there was no national body to provide long-term leadership and policy direction to the industry.

- **Very little evidence was presented to the inquiry to show that there is any industry-wide strategy to maintain, promote or develop further domestic and export potato markets or to improve orderly marketing of potatoes.** At the provincial level, some marketing boards have been successful in marketing and promoting potatoes, while other boards were criticized by intervenors from the retail sector for implementing uncoordinated and ineffective promotional programs.

- **The lack of adequate and reliable market information was identified as a major problem for the producer.** Market information seems to be too ambiguous and inadequate for effective producer decision making.

- **While the majority of producers in the processing sector appear to enjoy a stable market and price situation, this is not the case in the tablestock and seed sectors.** The latter two groups have

experienced and are continuing to experience instability, volatile prices and an uncertain future.

- **While intervenors were generally satisfied with the operation of the pre-plant contract system employed in the processing industry, criticism was directed to the spot market buying practices of some processors.** This, and the practice of delaying contract signing until after spring planting, was said to contribute to uncertainty and instability in the market place.

- **Intervenors from coast to coast focussed on the "chaos" in the tablestock and seed market.** They commented upon questionable marketing practices on the domestic tablestock market; competition between brokers on the export market leading to low export prices; the need for producers to be gamblers and risk takers on an uncertain market; the impact of the producers' perception of the supply on their marketing decisions; and poor scheduling or no scheduling of supply to domestic markets resulting in significant market price fluctuations.

- **The hearing was told that there are varietal, quality, storage, and phytosanitary problems and issues which must be dealt with if domestic and export market share is to be maintained and improved.** Producers, processors and dealers stressed that capturing and holding a market was a matter of both being price competitive and having a quality product.

- **Provincial legislation to establish marketing boards is in place, but potato movement between provinces cannot be controlled without federal legislation.** Inadequate interprovincial cooperation and a lack of discipline in the movement of potatoes to the domestic table market were identified as major factors responsible for price volatility and instability.

- **The Panel was informed that, to date, government initiatives have not removed instability from the industry and stabilization programs in effect including income assurance plans, have become a drain on the public Treasury.** These programs tend to perpetuate the current weak industry situation without the consumer being aware of the real product price.

RESOLVING THE INDUSTRY'S PROBLEM

Following a comprehensive analysis of the evidence presented to the inquiry, it is the Panel's opinion that resolution of the potato industry's problem will require that the producers take action at the provincial and national levels. The Panel believes that it is necessary for this action to be undertaken in a planned manner and that such action should address a number of factors discussed at the hearing. The most important of these factors are as follows:

- **The industry needs a means of developing and conducting industry-wide consultation on marketing issues and a national focus for programs of market information, market development and promotion, research and long-term planning.** The industry lacks a focal point

for producers to consult with consumers, processors and the retail trade on the development of national and international marketing strategies and programs. Further, it does not have a national group with the power to collect levies from all producers to fund programs of market information, market development and promotion, research and policy development.

- **The Panel questions the likely efficacy of any system to improve producer prices in the absence of a means of regulating supply; especially if existing provincial stabilization and/or income assurance programs remain in place.** The Panel was very interested in Quebec's Pomexpan experience and the feasibility of applying it to the marketing of all tablestock and seed potatoes. However, from the evidence received, it appears that Pomexpan has had limited success within Quebec primarily because of lack of control over Quebec supply and supply moving into Quebec from the other provinces. Such a flaw might be avoided within the Canadian context through the negotiation of federal-provincial agreements designed to coordinate deliveries from one province to another.

- **To the extent that the processing industry uses pre-plant contracts to obtain its raw product, it is managed in a stable and acceptable manner and should be exempt from the supply control powers of any national agency.** Wide price fluctuations are primarily a characteristic of the tablestock and seed markets, but the processing industry negotiates supply and price prior to planting. A structure is in place to ensure that supply matches demand at an agreed price. However, for the overall well-being of the industry, it would be necessary for a mechanism to be put in place to ensure the collaboration of the processing sector in the management and development of the industry as a whole, and for there to be levies on processing potatoes in support of activities such as market information, market development and promotion and research.

- **If supply control is to be applied to the marketing of tablestock and seed potatoes, a mechanism is required to permit producers to move between the table, seed and processing sectors and to control the movement of any non pre-plant contracted processing potatoes into the tablestock and seed sectors.** Such a mechanism should permit processing potato growers to gain orderly access to the tablestock and seed market should they fail to obtain a pre-plant contract with a processor.

- **An agency should remove "in quota surplus" at its own expense, utilizing funds obtained from levies on all producers marketing tablestock and seed potatoes. "Over quota surplus" would be the responsiblity of those contributing to the surplus.** Evidence presented by many intervenors supported the principle that these costs should be borne by the producers not the consumers, and further that processing producers should not have to contribute to or fund any surplus removal programs for the tablestock and seed sector.

- **Price should be established in the market place.** The price of tablestock and seed should be market driven in a supply controlled environment, a cost of production formula need not be used to establish price. Control over supply may be sufficient to improve tablestock and seed prices without having to resort to a national or provincial COP formula. However, in order to control supply, a national agency must be in a position to establish a target demand for the tablestock and seed market, control the allocation, and ensure orderly marketing of production.

- **A marketing agency would have to develop a means of ensuring that producers who grow for the export market are protected from decreases in export sales and that opportunities to expand the export market can be captured.** The export tablestock and seed market is of crucial importance to P.E.I. and New Brunswick. This market is very volatile and experiences significant year-to-year fluctuations.

- **The processing potato price has been relatively stable, permitting the french fry industry to expand its exports of processed product.** The industry stressed that in order to maintain and continue to expand the export market it must have access to supplies of raw product at a competitive price.

- **A Canada-USA bilateral agreement is essential to controlling Canadian supply.** Such an agreement would ensure that supply on the domestic tablestock and seed market was controlled. It should be a bilateral government-to-government agreement between Canada and the USA establishing the terms and conditions of reciprocal access to both markets.

THE TASK FORCE PROPOSAL

The Task Force proposed a national potato marketing program which incorporated five essential elements: supply management; allocation of marketing quotas; price setting; surplus removal; and import controls. The proposed program would apply to all types of potatoes and would be achieved by coordinating the regulatory powers provided in the FPMA Act and provincial marketing legislation.

Elements of the Proposal

- The Task Force proposed that supply control, administered by a national agency, would protect growers from price instability caused by supply variations.

- A national agency would determine annual supply targets and the annual allocation to each province. The provincial boards would be responsible for allocating annual quota to their producers and for the division of quota among table, seed, processing and export.

- Two price-setting mechanisms would be in operation: for non-processing product, the agency would strive for provincial cost of production plus a reasonable return; for processing product, the

price would be negotiated on a pre-season basis between processors and provincial commodity boards.

- Two types of surplus removal programs would be set up. One, the purchase of "in quota surplus", to be funded through producer levies on all Canadian producers; these levies would be added to the cost of production price. The other, "over-quota surplus", where the cost of removal would be borne by those generating the surplus.

- A Canada-USA bilateral agreement would be negotiated setting out the volumes of potatoes that could move to and from the USA.

Panel's Analysis of the Proposal

- **The evidence presented to the hearings suggests that there is a clear distinction between the different sectors of the industry, that is, processing, table and seed.** The evidence of many intervenors convinced the Panel that the processing potato sector is managed in a fundamentally different manner from the table and seed sectors. The Task Force proposal did not adequately address how these differences would be accommodated in their marketing program.

- **The importance of the export market was stressed throughout the hearings .** If the processing sector is to continue to expand its export sales it must obtain a supply of potatoes at a competitive price. Similarly, tablestock and seed producers, particular from P.E.I. and New Brunswick, must retain their access to and be price competitive in the US market. The Task Force attempted to deal with the processors', seed and tablestock exporters' concerns by proposing an export quota and/or a blended or two-price system. However, based on the evidence received, it is the view of the Panel that the Task Force proposals would not solve the problem of possible countervail or anti-dumping action by the USA.

- **The intervenors emphasized that there was a need for flexibility in the allocation of quota for table, seed and processing.** They also stated that there was interchange between tablestock and seed; between tablestock, seed and french fry potatoes in Eastern Canada; and, in some cases, interchange between tablestock and potatoes for chipping.

  The Task Force recognized that there was a relationship between the three types of potatoes. It acknowledged that the potato chip processing industry and the french fry industry worked reasonably well and that their pre-plant contracts could be used as bases for quota. It also acknowledged that most of the industry's marketing problems were in the tablestock and seed sectors. But the Task Force did not present convincing evidence that it needed to apply the same control mechanisms to all production in order to deal with the "chaos" on the table market described by intervenors at the hearings.

- **There are substantial regional differences in the production and marketing of potatoes in Canada.** Analysis of the evidence presented in Chapters III through V of this report confirms differences such as yield variations, contracting practices and marketing techniques. The Task Force proposal does not deal sufficiently with these differences nor suggest how a national agency would deal with issues arising from the differences.

- **Most intervenors concurred with the Task Force contention that the price should be market driven.** The Task Force also proposed to establish a target price based upon a cost of production formula. However, it did not provide a clear description of how this system would work nor did it present compelling arguments that it would be sufficiently flexible to permit a market-driven price. Nor did it demonstrate how the proposed system would be adapted to changing production and marketing conditions.

- **The Task Force proposed that in setting the price for tablestock and seed, the agency should strive for provincial cost of production plus a reasonable return.** It also indicated that the "in-quota surplus" removal program could be a tool in arriving at a stable price. The Task Force proposed to include the cost of "in quota surplus" removal in the cost of production formula, thus permitting it to be included in the consumer price. The evidence presented by many intervenors supported the principle that this cost should be borne by the producers not the consumers.

APPENDIX A

STATISTICS

A-I Farms Reporting Potatoes, Classified by Number Reported, Canada and Provinces, 1986 Census

A-II Farms Reporting Potatoes, Census of Canada, 1981 and 1986

A-III Potato Farms Under Five Acres, 1981 and 1986

A-IV Potato Farms by Acreage Class, 1981 and 1986

A-V Marketed Production, 1976-80, 1981-85

A-VI Yield Per Acre, Selected Provinces, 1976-1985

A-VII Average Price Per Cwt, Selected Provinces and USA, 1976-1985

A-VIII Marketed Production of Potatoes by Province, 1976-80, 1981-85

A-IX Canadian Potato Statistics

TABLE A-I

FARMS REPORTING POTATOES CLASSIFIED BY NUMBER REPORTED,
CANADA AND PROVINCES, 1986 CENSUS

	Farms Reporting Potatoes	% Of Total Farms	Potatoes-Acres	Average Acres Potatoes	% Of Total Acres
CANADA					
1-4 Acres	2,049	41.9	3,651	2	1.3
5-100 Acres	2,070	42.4	70,471	34	25.6
101-200 Acres	439	9.0	66,305	151	24.1
201 Acres and Over	327	6.7	135,162	413	49.0
TOTAL	4,885	100.0	275,589	56	100.0
Newfoundland					
1-4 Acres	130	83.3	237	2	40.4
5-100 Acres	26	16.7	349	13	59.6
101-200 Acres	-	-	-	-	-
201 Acres and Over	-	-	-	-	-
TOTAL	156	100.0	586	4	100.0
P.E.I.					
1-4 Acres	64	9.8	133	2	0.2
5-100 Acres	404	61.6	15,279	38	23.8
101-200 Acres	102	15.5	15,509	152	24.2
201 Acres and Over	86	13.1	33,298	387	51.9
TOTAL	656	100.0	64,219	98	100.0
Nova Scotia					
1-4 Acres	96	62.3	178	2	4.4
5-100 Acres	47	30.5	1,470	31	36.4
101-200 Acres	8	5.2	1,154	144	28.6
201 Acres and Over	3	1.9	1,231	410	30.5
TOTAL	154	100.0	4,033	26	100.0

TABLE A-I (cont'd)

FARMS REPORTING POTATOES CLASSIFIED BY NUMBER REPORTED,
CANADA AND PROVINCES, 1986 CENSUS

	Farms Reporting Potatoes	% Of Total Farms	Potatoes-Acres	Average Acres Potatoes	% Of Total Acres
New Brunswick					
1-4 Acres	109	19.9	182	2	0.4
5-100 Acres	271	49.5	13,656	50	28.2
101-200 Acres	116	21.2	18,092	156	37.3
201 Acres and Over	51	9.3	16,536	324	34.1
TOTAL	547	100.0	48,466	89	100.0
Quebec					
1-4 Acres	570	45.5	1,039	2	2.4
5-100 Acres	559	44.6	17,747	32	41.6
101-200 Acres	89	7.1	12,384	139	29.0
201 Acres and Over	36	2.9	11,503	320	27.0
TOTAL	1,254	100.0	42,673	34	100.0
Ontario					
1-4 Acres	662	56.8	1,142	2	3.3
5-100 Acres	415	35.6	11,122	27	31.8
101-200 Acres	44	3.8	6,892	157	19.7
201 Acres and Over	44	3.8	15,784	359	45.2
TOTAL	1,165	100.0	34,940	30	100.0
Manitoba					
1-4 Acres	53	26.0	108	2	0.2
5-100 Acres	55	27.0	2,212	40	4.8
101-200 Acres	26	12.7	4,221	162	9.1
201 Acres and Over	70	34.3	39,876	570	85.9
TOTAL	204	100.0	46,417	228	100.0

TABLE A-I (cont'd)

FARMS REPORTING POTATOES CLASSIFIED BY NUMBER REPORTED,
CANADA AND PROVINCES, 1986 CENSUS

	Farms Reporting Potatoes	% Of Total Farms	Potatoes-Acres	Average Acres Potatoes	% Of Total Acres
Saskatchewan					
1-4 Acres	72	49.0	136	2	3.4
5-100 Acres	65	44.2	1,747	27	44.3
101-200 Acres	8	5.4			
201 Acres and Over	2	1.4			
TOTAL	147	100.0	3,943	27	100.0
Alberta					
1-4 Acres	125	46.8	219	2	1.0
5-100 Acres	82	30.7	2,362	29	10.5
101-200 Acres	26	9.7	4,020	155	17.9
201 Acres and Over	34	12.7	15,849	466	70.6
TOTAL	267	100.0	22,450	84	100.0
British Columbia					
1-4 Acres	168	50.1	277	2	3.5
5-100 Acres	146	43.6	4,527	31	57.6
101-200 Acres	20	6.0			
201 Acres and Over	1	0.3			
TOTAL	335	100.0	7,862	23	100.0

TABLE A-II

FARMS REPORTING POTATOES
CENSUS OF CANADA, 1981 and 1986

Province	1981		1986		% Change	
	# Farms	Acreage	# Farms	Acreage	# Farms	Average
P.E.I.	823	63,878	656	64,219	- 20	+ .5
N.B.	740	53,793	547	48,466	- 26	- 10
Manitoba	271	40,916	204	46,417	- 25	+ 13
Quebec	2170	42,432	1254	42,673	- 42	-
Ontario	1711	39,115	1165	34,940	- 32	- 11
Alberta	277	16,628	267	22,450	- 4	+ 35
B.C.	450	8,673	335	7,862	- 25	- 9
N.S.	302	3,818	154	4,033	- 49	+ 7
Saskatchewan	159	2,497	147	3,943	- 7	+ 58
Nfld	236	978	156	586	- 34	- 40
	7139	272,728	4885	275,589	- 32	+ 1

TABLE A-III

POTATO FARMS UNDER FIVE ACRES
1981 and 1986

	1981		1986		% Change
	Under 5 acres	Total acres	Under 5 acres	Total acres	
P.E.I.	110	232	64	133	- 42
N.B.	189	323	109	182	- 42
Manitoba	117	200	53	108	- 55
Quebec	1331	2265	570	1039	- 57
Ontario	1130	1704	662	1142	- 41
Alberta	143	216	125	219	- 12
British Columbia	277	386	168	277	- 39
Nova Scotia	227	306	96	178	- 58
Saskatchewan		NOT AVAILABLE			
Newfoundland	186	316	130	237	- 30
Canada	3710	5948	2049	3651	- 45

TABLE A-IV

POTATO FARMS BY ACREAGE CLASS
1981 and 1986

	(1) 1981 5 — 92 Acres				(1) 1986 5 — 100 Acres				(1) 1981 93+ Acres				(1) 1986 101+ Acres			
	Number of Farms	Total Acres	% Prov. Acres	Average Farm Size	Number of Farms	Total Acres	% Prov. Acres	Average Farm Size	Number of Farms	Total Acres	% Prov. Acres	Average Farm Size	Number of Farms	Total Acres	% Prov. Acres	Average Farm Size
P.E.I.	521	16,866	26.4	32.4	404	15,279	23.8	38	192	46,780	73.2	243.6	188	48,807	75.9	259.6
N.B.	331	13,358	24.8	40.3	271	13,656	28.2	50	220	40,112	74.5	182.3	167	34,628	71.4	207.3
Manitoba	66	2,429	5.9	36.8	55	2,212	4.8	40	88	38,287	93.6	435.1	96	44,097	95.0	459.3
Quebec	712	17,640	41.5	24.8	559	17,747	41.6	32	127	22,327	52.5	175.8	125	23,887	55.9	191.1
Ontario	477	10,979	26.8	23.0	415	11,122	31.8	27	104	26,432	64.6	254.1	88	22,676	64.9	257.7
Alberta	81	1,978	11.9	24.4	82	2,362	10.5	29	53	14,434	86.8	272.3	60	19,869	88.5	331.1
B.C. (3)	149	4,578	52.8	30.8	146	4,527	57.6	31	24	3,692	42.6	153.8	21	3,058	38.9	145.5
N.S.	69	1,765	46.2	25.6	47	1,470	36.4	31	6	1,747	45.7	291.1	11	2,385	59.4	216.8
Saskatchewan (2)(3)	69	N/A	59.2	21.7	65	1,747	44.3	27	9	1,070	42.8	118.9	10	2,060	52.2	206.0
NFLD.	42	662	67.7	15.8	26	349	59.6	13	-	-	-	-	-		-	-
CANADA	2,517			28.7	2,070			34.0	823			235.7	766			263.0

Note: (1) 1981 Census reports acres on 5-92 and 93+ basis
1986 Census acreage data provided by Statistics Canada or 5-100 and 101+ basis

(2) Saskatchewan 1981 information is a residual calculation, data not available from Statistics Canada

(3) B.C. and Saskatchewan 101 + 1986 data calculated as residual, as data not available from Statistics Canada

Source: Census of Canada, 1981 and 1986

TABLE A-V

MARKETED PRODUCTION

	1976-80	1981-85
	(000 cwt)	
P.E.I.	10,528	12,770
New Brunswick	10,087	9,927
Manitoba	6,242	6,080
Quebec	7,195	7,196
Ontario	8,251	7,195
Alberta	3,898	4,381
British Columbia	2,271	1,477
Nova Scotia	573	707
Saskatchewan	396	469
Newfoundland	56	61
Canada	49,497	50,263

TABLE A-VI

YIELD PER ACRE
SELECTED PROVINCES
1976 - 1985

	PEI	N.B.	Que	Ont	Man	Alta	B.C.	Can
				(cwt)				
1976	241	201	167	208	122	222	239	188
1977	215	195	193	224	149	218	255	197
1978	221	211	178	209	184	206	220	193
1979	255	234	205	205	168	225	260	205
1980	228	223	188	197	160	256	240	196
1981	253	246	177	200	168	229	190	198
1982	263	242	194	205	147	235	230	203
1983	250	217	148	195	144	238	220	192
1984	265	220	192	191	145	228	230	201
1985	240	260	211	205	190	230	240	215

TABLE A-VII

AVERAGE PRICE
SELECTED PROVINCES AND USA
1976 - 1985

	P.E.I.	N.B.	Que	Ont	Man	Alta	B.C.	Can	USA[1]
					(dollars)				
1976	4.38	3.95	3.89	3.92	3.13	3.95	3.50	3.96	3.53
1977	2.45	2.54	4.12	3.04	3.67	4.68	3.90	3.25	3.77
1978	3.34	2.92	3.90	4.00	3.61	4.31	5.90	3.69	3.85
1979	2.76	2.61	3.31	3.16	3.61	4.18	3.95	3.20	4.03
1980	8.78	7.20	7.12	7.87	5.32	5.20	8.69	7.34	7.65
1981	4.78	4.58	5.99	6.20	5.26	5.40	8.39	5.42	6.50
1982	4.41	4.39	5.18	4.44	5.76	4.85	6.92	4.91	5.49
1983	7.94	6.91	7.82	7.82	6.06	5.75	7.46	2.32	7.17
1984	5.06	5.36	5.36	6.76	6.14	5.50	6.88	5.70	7.37
1985	3.30	3.36	4.12	5.26	5.71	4.75	5.52	4.26	5.35

1) Source: 1987, Potato Statistical Yearbook, US National Potato Council.
In Canadian dollars.

TABLE A-VIII
MARKETED PRODUCTION OF POTATOES BY PROVINCE
1976-80, 1981-85

NEWFOUNDLAND

	1976-80 (cwt)	% of PROV. TOTAL	% of NAT. TOTAL	1981-85 (cwt)	% of PROV. TOTAL	% of NAT. TOTAL
LOCAL TABLE	54,964	97.90%	0.49%	55,212	90.30%	0.54%
INTERPROV.TABLE						
DOMESTIC TABLE	54,964	97.90%	0.32%	55,212	90.30%	0.33%
EXPORT TABLE						
TOTAL TABLE	54,964	97.90%	0.29%	55,212	90.30%	0.28%
LOCAL SEED	1,177	2.10%	0.03%	5,928	9.70%	0.14%
INTERPROV.SEED						
DOMESTIC SEED	1,177	2.10%	0.03%	5,928	9.70%	0.11%
EXPORT SEED						
TOTAL SEED	1,177	2.10%	0.02%	5,928	9.70%	0.08%
PROCESSING						
TOTAL MARKET	**56,141**	100.00%	**0.11%**	61,140	100.00%	0.12%

PRINCE EDWARD ISLAND

	1976-80 (cwt)	% of PROV. TOTAL	% of NAT. TOTAL	1981-85 (cwt)	% of PROV. TOTAL	% of NAT. TOTAL
LOCAL TABLE	N/A	-	N/A	0	-	
INTERPROV.TABLE	4,129,298	39.22%	70.99%	5,214,255	40.83%	81.75%
DOMESTIC TABLE	4,129,298	39.22%	24.09%	5,214,265	40.83%	31.51%
EXPORT TABLE	1,490,933	14.16%	70.26%	1,918,886	15.03%	56.31%
TOTAL TABLE	5,620,231	53.38%	29.18%	7,133,151	55.86%	35.75%
LOCAL SEED	1,080,000	10.26%	28.11%	1,429,400	11.19%	33.52%
INTERPROV.SEED	375,418	3.57%	48.49%	444,816	3.48%	48.84%
DOMESTIC SEED	1,455,418	13.82%	31.52%	1,874,216	14.68%	36.22%
EXPORT SEED	1,501,171	14.26%	57.83%	1,437,003	11.25%	57.78%
TOTAL SEED	2,956,589	28.08%	40.99%	3,311,220	25.93%	43.22%
PROCESSING	1,951,315	18.53%	8.48%	2,325,500	18.21%	10.27%
TOTAL MARKETED	10,528,135	100.00%	21.27%	12,769,871	100.00%	25.41%

NOVA SCOTIA

	1976-80 (cwt)	% of PROV. TOTAL	% of NAT. TOTAL	1981-85 (cwt)	% of PROV. TOTAL	% of NAT. TOTAL
LOCAL TABLE	170,333	29.75%	1.50%	315,936	44.66%	3.11%
INTERPROV.TABLE	0	-	-	0	-	-
DOMESTIC TABLE	170,333	29.75%	0.99%	315,936	44.66%	1.91%
EXPORT TABLE	1,713	0.30%	0.08%	1,065	0.15%	0.03%
TOTAL TABLE	172,045	30.05%	0.89%	317,001	44.81%	1.59%
LOCAL SEED	55,026	9.61%	7.11%	31,693	4.48%	3.48%
INTERPROV.SEED						
DOMESTIC SEED	55,026	9.61%	1.19%	31,693	4.48%	0.61%
EXPORT SEED	1,729	0.30%	0.07%	508	0.07%	0.02%
TOTAL SEED	56,755	9.91%	0.79%	32,200	4.55%	0.42%
PROCESSING	343,800	60.04%	1.48%	358,200	50.64%	1.58%
TOTAL MARKETED	572,600	100.00%	1.16%	707,401	100.00%	1.41%

SOURCE: Profile of the Canadian Potato Industry

TABLE A-VIII cont'd

NEW BRUNSWICK

	1976-80 (cwt)	% of PROV. TOTAL	% of NAT. TOTAL	1981-85 (cwt)	% of PROV. TOTAL	% of NAT. TOTAL
LOCAL TABLE	N/A	-	-	N/A	-	-
INTERPROV.TABLE	1,355,462	13.44%	23.30%	859,313	8.66%	13.47%
DOMESTIC TABLE	1,355,462	13.44%	7.91%	859,313	8.66%	5.19%
EXPORT TABLE	371,397	3.68%	17.50%	1,269,395	12.79%	37.25%
TOTAL TABLE	1,726,859	17.12%	8.97%	2,128,708	21.44%	10.67%
LOCAL SEED	840,562	8.33%	21.87%	917,004	9.24%	21.51%
INTERPROV.SEED	358,600	3.56%	46.32%	451,732	4.55%	49.60%
DOMESTIC SEED	1,199,161	11.89%	25.97%	1,368,736	13.79%	26.45%
EXPORT SEED	1,011,511	10.03%	38.97%	860,568	8.67%	34.60%
TOTAL SEED	2,210,673	21.92%	30.65%	2,229,304	22.46%	29.10%
PROCESSING	6,149,128	60.96%	26.71%	5,568,769	56.10%	24.59%
TOTAL MARKETED	10,086,659	100.00%	20.38%	9,926,780	100.00%	19.75%

QUEBEC

	1976-80 (cwt)	% of PROV. TOTAL	% of NAT. TOTAL	1981-85 (cwt)	% of PROV. TOTAL	% of NAT. TOTAL
LOCAL TABLE	4,471,017	62.14%	39.49%	4,426,114	61.50%	43.53%
INTERPROV.TABLE	80,336	1.12%	1.38%	115,898	1.61%	1.82%
DOMESTIC TABLE	4,551,353	63.26%	26.56%	4,542,012	63.11%	27.45%
EXPORT TABLE	82,994	1.15%	3.91%	85,035	1.18%	2.50%
TOTAL TABLE	4,634,347	64.41%	24.06%	4,627,048	64.30%	23.19%
LOCAL SEED	473,169	6.58%	61.11%	532,087	7.39%	58.42%
INTERPROV.SEED						
DOMESTIC SEED	473,169	6.58%	10.25%	532,087	7.39%	10.28%
EXPORT SEED	150	0.00%	0.01%	258	0.00%	0.01%
TOTAL SEED	473,319	6.58%	6.56%	532,345	7.40%	6.95%
PROCESSING	2,087,284	29.01%	9.07%	2,037,065	28.31%	8.99%
TOTAL MARKETED	7,194,950	100.00%	14.54%	7,196,458	100.00%	14.32%

ONTARIO

	1976-80 (cwt)	% of PROV. TOTAL	% of NAT. TOTAL	1981-85 (cwt)	% of PROV. TOTAL	% of NAT. TOTAL
LOCAL TABLE	3,798,553	46.04%	33.55%	2,594,424	36.06%	25.52%
INTERPROV.TABLE	31,372	0.38%	0.54%	14,312	0.20%	0.22%
DOMESTIC TABLE	3,829,925	46.42%	22.35%	2,608,736	36.26%	15.77%
EXPORT TABLE	156,815	1.90%	7.39%	129,923	1.81%	3.81%
TOTAL TABLE	3,986,740	48.32%	20.70%	2,738,659	38.07%	13.73%
LOCAL SEED	352,989	4.28%	9.19%	257,834	3.58%	6.05%
INTERPROV.SEED						
DOMESTIC SEED	352,989	4.28%	7.65%	257,834	3.58%	4.98%
EXPORT SEED	17,759	0.22%	0.68%	1,892	0.03%	0.08%
TOTAL SEED	370,748	4.49%	5.14%	259,726	3.61%	3.39%
PROCESSING	3,893,113	47.19%	16.91%	4,196,215	58.32%	18.53%
TOTAL MARKETED	8,250,600	100.00%	16.67%	7,194,600	100.00%	14.31%

SOURCE: Profile of the Canadian Potato Industry

TABLE A-VIII cont'd

MANITOBA

	1976-80 (cwt)	% of PROV. TOTAL	% of NAT. TOTAL	1981-85 (cwt)	% of PROV. TOTAL	% of NAT. TOTAL
LOCAL TABLE	491,000	7.87%	4.34%	586,298	9.64%	5.77%
INTERPROV.TABLE	62,436	1.00%	1.07%	71,060	1.17%	1.11%
DOMESTIC TABLE	553,436	8.87%	3.23%	657,358	10.81%	3.97%
EXPORT TABLE	0					
TOTAL TABLE	553,436	8.87%	2.87%	657,358	10.81%	3.29%
LOCAL SEED	507,146	8.12%	13.20%	465,157	7.65%	10.91%
INTERPROV.SEED	12,213	0.20%	1.58%	9,583	0.16%	1.05%
DOMESTIC SEED	519,359	8.32%	11.25%	474,740	7.81%	9.17%
EXPORT SEED	0	-	-	1,086	0.02%	0.04%
TOTAL SEED	519,359	8.32%	7.20%	475,826	7.83%	6.21%
PROCESSING	5,169,764	82.81%	22.45%	4,946,891	81.36%	21.84%
TOTAL MARKETED	6,242,559	100.00%	12.61%	6,080,075	100.00%	12.10%

SASKATCHEWAN

	1976-80 (cwt)	% of PROV. TOTAL	% of NAT. TOTAL	1981-85 (cwt)	% of PROV. TOTAL	% of NAT. TOTAL
LOCAL TABLE	354,205	89.39%	3.13%	389,363	83.09%	3.83%
INTERPROV.TABLE	18,018	4.55%	0.31%	17,396	3.71%	0.27%
DOMESTIC TABLE	372,223	93.93%	2.17%	406,759	86.80%	2.46%
EXPORT TABLE						
TOTAL TABLE	372,223	93.93%	1.93%	406,759	86.80%	2.04%
LOCAL SEED	24,042	6.07%	0.63%	61,841	13.20%	1.45%
INTERPROV. SEED						
DOMESTIC SEED	24,042	6.07%	0.52%	61,841	13.20%	1.20%
EXPORT SEED				1	0.00%	0.00%
TOTAL SEED	24,042	6.07%	0.33%	61,841	13.20%	0.81%
PROCESSING						
TOTAL MARKETED	396,265	100.00%	0.80%	468,600	100.00%	0.93%

ALBERTA

	1976-80 (cwt)	% of PROV. TOTAL	% of NAT. TOTAL	1981-85 (cwt)	% of PROV. TOTAL	% of NAT. TOTAL
LOCAL TABLE	626,098	16.06%	5.53%	743,718	16.98%	7.31%
INTERPROV.TABLE	84,020	2.16%	1.44%	66,850	1.53%	1.05%
DOMESTIC TABLE	710,118	18.22%	4.14%	810,568	18.50%	4.90%
EXPORT TABLE	18,216	0.47%	0.86%	2,931	0.07%	0.09%
TOTAL TABLE	728,334	18.68%	3.78%	813,499	18.57%	4.08%
LOCAL SEED	247,782	6.36%	6.45%	362,391	8.27%	8.50%
INTERPROV.SEED						
DOMESTIC SEED	247,782	6.36%	5.37%	362,391	8.27%	7.00%
EXPORT SEED	25,626	0.66%	0.99%	147,427	3.37%	5.93%
TOTAL SEED	273,408	7.01%	3.79%	509,818	11.64%	6.65%
PROCESSING	2,896,652	74.30%	12.58%	3,057,883	69.80%	13.50%
TOTAL MARKETED	3,898,394	100.00%	7.88%	4,381,200	100.00%	8.72%

SOURCE: Profile of the Canadian Potato Industry

TABLE A-VIII cont'd

BRITISH COLUMBIA

	1976-80 (cwt)	% of PROV. TOTAL	% of NAT. TOTAL	1981-85 (cwt)	% of PROV. TOTAL	% of NAT. TOTAL
LOCAL TABLE	1,355,590	59.68%	11.97%	1,056,438	71.52%	10.39%
INTERPROV.TABLE	55,710	2.45%	0.96%	19,242	1.30%	0.30%
DOMESTIC TABLE	1,411,300	62.14%	8.23%	1,075,680	72.82%	6.50%
EXPORT TABLE	0	-	-	435	0.03%	0.01%
TOTAL TABLE	1,411,300	62.14%	7.33%	1,076,114	72.85%	5.39%
LOCAL SEED	260,756	11.48%	6.79%	200,653	13.58%	4.71%
INTERPROV.SEED	28,001	1.23%	3.62%	4,627	0.31%	0.51%
DOMESTIC SEED	288,758	12.71%	6.25%	205,280	13.90%	3.97%
EXPORT SEED	37,998	1.67%	1.46%	38,149	2.58%	1.53%
TOTAL SEED	326,756	14.39%	4.53%	243,429	16.48%	3.18%
PROCESSING	533,254	23.48%	2.32%	157,614	10.67%	0.70%
TOTAL MARKETED	2,271,310	100.00%	4.59%	1,477,157	100.00%	2.94%

CANADA

	1976-80 (cwt)	% of PROV. TOTAL	% of NAT. TOTAL	1981-85 (cwt)	% of PROV. TOTAL	% of NAT. TOTAL
LOCAL TABLE	11,321,759	22.87%		10,167,503	20.23%	
INTERPROV.TABLE	5,816,652	11.75%		6,378,336	12.69%	
DOMESTIC TABLE	17,138,411	34.62%		16,545,838	32.92%	
EXPORT TABLE	2,122,068	4.29%		3,407,670	6.78%	
TOTAL TABLE	19,260,479	38.91%		19,953,508	39.70%	
LOCAL SEED	3,842,669	7.76%		4,263,986	8.48%	
INTERPROV.SEED	774,232	1.56%		910,759	1.81%	
DOMESTIC SEED	4,616,901	9.33%		5,174,745	10.30%	
EXPORT SEED	2,595,944	5.24%		2,486,892	4.95%	
TOTAL SEED	7,212,845	14.57%		7,661,637	15.24%	
PROCESSING	23,024,309	46.52%		22,648,137	45.06%	
TOTAL MARKETED	49,497,613	100.00%		50,263,283	100.00%	

SOURCE: Profile of the Canadian Potato Industry

TABLE A-IX

CANADIAN POTATO STATISTICS

ALL CANADA

YEAR	ACREAGE (acres)	PRICE ($cwt)	YLD/AC (cwt)	VALUE/AC ($)	TOTAL ALL MKTD(cwt)
1976	263,970	3.96	188	744.48	49,637,266
1977	276,690	3.25	197	639.60	48,898,157
1978	273,020	3.69	193	713.28	48,672,661
1979	278,700	3.20	205	655.36	50,963,948
1980	265,000	7.34	196	1,435.70	48,003,935
1981	273,100	5.42	194	1,050.40	50,668,157
1982	280,200	4.91	203	994.77	49,978,326
1983	279,300	7.32	192	1,403.24	48,097,095
1984	290,600	5.70	201	1,146.27	50,973,199
1985	301,900	4.26	215	914.20	53,087,960

DISPOSITION

	TABLE				SEED					
YEAR	DOMESTIC (cwt)	EXPORT (cwt)	TOTAL (cwt)	%	DOMESTIC (cwt)	EXPORT (cwt)	TOTAL (cwt)	%	LOCAL USE & PROC.(cwt)	%
1976	16,589,506	4,101,782	20,691,288	42%	3,264,404	2,539,848	5,804,252	12%	22,967,496	46%
1977	18,050,777	809,473	18,860,250	39%	3,586,061	2,218,598	5,804,659	12%	24,058,028	49%
1978	16,839,308	936,313	17,775,621	37%	3,766,960	2,074,250	5,841,210	12%	24,807,931	51%
1979	17,431,861	2,287,650	19,719,511	39%	5,013,031	2,703,261	7,716,292	15%	23,380,415	46%
1980	16,780,602	2,475,122	19,255,724	40%	5,101,293	3,418,137	8,519,430	18%	19,907,675	41%
1981	16,573,889	3,637,300	20,211,189	40%	5,048,375	2,947,085	7,995,460	16%	21,997,108	43%
1982	17,336,106	3,457,442	20,793,548	42%	5,011,437	2,195,713	7,207,150	14%	21,750,038	44%
1983	16,085,775	2,848,767	18,934,542	39%	5,073,427	2,498,840	7,572,267	16%	21,390,026	44%
1984	15,668,556	4,075,766	19,744,322	39%	5,010,060	2,723,243	7,733,303	15%	23,124,568	45%
1985	17,064,868	3,019,076	20,083,944	38%	5,730,428	2,069,577	7,800,005	15%	24,978,943	47%

SOURCE: Profile of the Canadian Potato Industry

TABLE A-IX (cont'd)

CANADIAN POTATO STATISTICS

NEWFOUNDLAND

YEAR	ACREAGE (acres)	PRICE ($cwt)	YLD/AC (cwt)	VALUE/AC ($)	TOTAL ALL MKTD(cwt)
1976	1,170	7.62	106	807.72	51,709
1977	1,190	5.88	108	635.04	54,969
1978	1,120	6.12	121	740.52	55,020
1979	1,100	7.10	128	908.80	60,855
1980	1,000	12.00	92	1,104.00	54,620
1981	1,000	8.25	125	1,031.25	59,155
1982	800	10.00	120	1,200.00	61,707
1983	700	13.00	130	1,690.00	56,352
1984	700	11.00	140	1,540.00	61,696
1985	600	11.90	150	1,785.00	66,792

DISPOSITION

	TABLE				SEED					
YEAR	DOMESTIC (cwt)	EXPORT (cwt)	TOTAL (cwt)	%	DOMESTIC (cwt)	EXPORT (cwt)	TOTAL (cwt)	%	LOCAL USE & PROC(cwt)	%
1976	51,709		51,709	100%	NA		0	0%		0%
1977	54,969		54,969	100%	NA		0	0%		0%
1978	55,020		55,020	100%	NA		0	0%		0%
1979	59,953		59,953	99%	902		902	1%		0%
1980	53,168		53,168	97%	1,452		1,452	3%		0%
1981	56,464		56,464	95%	2,691		2,691	5%		0%
1982	58,674		58,674	95%	3,033		3,033	5%		0%
1983	48,216		48,216	86%	8,136		8,136	14%		0%
1984	55,312		55,312	90%	6,384		6,384	10%		0%
1985	57,395		57,395	86%	9,397		9,397	14%		0%

SOURCE: Profile of the Canadian Potato Industry

TABLE A-IX (cont'd)

CANADIAN POTATO STATISTICS

P.E.I.

YEAR	ACREAGE (acres)	PRICE ($cwt)	YLD/AC (cwt)	VALUE/AC ($)	TOTAL ALL MKTD.(cwt)
1976	51,600	4.38	241	1,055.58	11,056,595
1977	55,000	2.45	215	526.75	9,182,859
1978	56,000	3.34	221	738.14	9,759,596
1979	61,000	2.76	255	703.80	11,517,429
1980	58,000	8.78	228	2,001.84	11,124,197
1981	64,000	4.78	253	1,209.34	13,114,902
1982	69,000	4.41	263	1,159.83	12,491,497
1983	70,000	7.94	250	1,985.00	12,943,829
1984	72,000	5.06	265	1,340.90	14,193,517
1985	76,000	3.30	240	792.00	11,105,609

DISPOSITION

	TABLE				SEED					
YEAR	DOMESTIC (cwt)	EXPORT (cwt)	TOTAL (cwt)	%	DOMESTIC (cwt)	EXPORT (cwt)	TOTAL (cwt)	%	LOCAL USE & PROC.(cwt)	%
1976	3,047,018	3,478,721	6,525,739	59%	1,193,927	1,366,757	2,560,684	23%	1,970,172	18%
1977	4,199,270	523,007	4,722,277	51%	1,441,408	1,191,141	2,632,549	29%	1,828,033	20%
1978	4,464,900	635,271	5,100,171	52%	1,397,866	1,229,650	2,627,516	27%	2,031,909	21%
1979	4,353,591	1,548,456	5,902,047	51%	1,492,962	1,551,469	3,044,431	26%	2,570,951	22%
1980	4,581,711	1,269,212	5,850,923	53%	1,750,926	2,166,838	3,917,764	35%	1,355,510	12%
1981	5,548,935	1,929,764	7,478,699	57%	1,981,531	1,709,672	3,691,203	28%	1,945,000	15%
1982	4,718,970	2,212,548	6,931,518	55%	1,874,065	1,288,414	3,162,479	25%	2,397,500	19%
1983	5,144,614	2,058,639	7,203,253	56%	1,848,301	1,642,775	3,491,076	27%	2,249,500	17%
1984	5,944,361	2,154,162	8,098,523	57%	2,013,109	1,527,795	3,540,994	25%	2,554,000	18%
1985	4,714,444	1,239,319	5,953,763	54%	1,653,986	1,016,360	2,670,346	24%	2,481,500	22%

SOURCE: Profile of the Canadian Potato Industry

TABLE A-IX (cont'd)

CANADIAN POTATO STATISTICS

NOVA SCOTIA

YEAR	ACREAGE (acres)	PRICE ($cwt)	YLD/AC (cwt)	VALUE/AC ($)	TOTAL ALL MKTD(cwt)
1976	3,700	4.75	154	731.50	513,000
1977	3,800	3.10	164	508.40	561,000
1978	3,800	4.05	171	692.55	571,000
1979	3,900	3.51	182	638.82	568,000
1980	4,000	6.50	182	1,183.00	650,000
1981	3,800	7.70	195	1,501.50	659,000
1982	4,000	6.56	200	1,312.00	740,000
1983	3,900	6.48	205	1,328.40	647,000
1984	4,100	5.92	210	1,243.20	804,000
1985	4,200	5.74	190	1,090.60	687,006

DISPOSITION

	TABLE				SEED				
YEAR	DOMESTIC (cwt)	EXPORT (cwt)	TOTAL (cwt)	%	DOMESTIC (cwt)	EXPORT (cwt)	TOTAL (cwt)	%	LOCAL USE & PROC.(cwt) %
1976	133,096	2,904	136,000	27%	55,459	2,541	58,000	11%	319,000 62%
1977	168,061	939	169,000	30%	55,148	2,852	58,000	10%	334,000 60%
1978	138,333	1,667	140,000	25%	57,983	1,017	59,000	10%	372,000 65%
1979	144,432	1,624	146,056	26%	64,423	1,521	65,944	12%	356,000 63%
1980	267,741	1,430	269,171	41%	42,117	712	42,829	7%	338,000 52%
1981	290,278	439	290,717	44%	39,323	960	40,283	6%	328,000 50%
1982	364,768	1,812	366,580	50%	32,024	1,396	33,420	5%	340,000 46%
1983	220,072	2,146	222,218	34%	25,782	0	25,782	4%	399,000 62%
1984	417,415	629	418,044	52%	32,780	176	32,956	4%	353,000 44%
1985	287,146	300	287,446	42%	28,554	6	28,560	4%	371,000 54%

SOURCE: Profile of the Canadian Potato Industry

TABLE A-IX (cont'd)

CANADIAN POTATO STATISTICS

NEW BRUNSWICK

YEAR	ACREAGE (acres)	PRICE ($/cwt)	YLD/AC (cwt)	VALUE/AC ($)	TOTAL ALL MKTD(cwt)
1976	55,500	3.95	201	793.95	9,956,322
1977	57,000	2.54	195	495.30	9,921,669
1978	58,000	2.92	211	616.12	10,820,090
1979	56,000	2.61	234	610.74	10,250,593
1980	52,000	7.20	223	1,605.60	9,484,621
1981	54,000	4.58	246	1,126.68	10,646,777
1982	54,000	4.39	242	1,062.38	9,111,863
1983	53,000	6.91	217	1,499.47	9,510,027
1984	54,000	5.36	220	1,179.20	9,720,793
1985	55,000	3.36	260	873.60	10,644,441

DISPOSITION

	TABLE				SEED				
	DOMESTIC (cwt)	EXPORT (cwt)	TOTAL (cwt)	%	DOMESTIC (cwt)	EXPORT (cwt)	TOTAL (cwt)	%	LOCAL USE & % PROC.(cwt)
1976	1,881,850	446,076	2,327,926	23%	1,103,286	1,089,282	2,192,568	22%	5,435,828 55%
1977	1,104,832	132,238	1,237,070	12%	1,087,887	943,342	2,031,229	20%	6,653,370 67%
1978	1,626,009	260,732	1,886,741	17%	1,261,674	785,730	2,047,404	19%	6,885,945 64%
1979	1,027,079	332,559	1,359,638	13%	1,257,764	1,110,923	2,368,687	23%	6,522,268 64%
1980	1,137,539	685,379	1,822,918	19%	1,285,196	1,128,280	2,413,476	25%	5,248,227 55%
1981	1,060,307	1,451,861	2,512,168	24%	1,351,325	1,128,037	2,479,362	23%	5,655,247 53%
1982	982,793	949,056	1,931,849	21%	1,367,286	797,966	2,165,252	24%	5,014,762 55%
1983	1,417,676	734,883	2,152,559	23%	1,390,723	693,794	2,084,517	22%	5,272,951 55%
1984	337,769	1,479,191	1,816,960	19%	1,354,761	965,854	2,320,615	24%	5,583,218 57%
1985	498,019	1,731,983	2,230,002	21%	1,379,583	717,189	2,096,772	20%	6,317,667 59%

SOURCE: Profile of the Canadian Potato Industry

TABLE A-IX (cont'd)

CANADIAN POTATO STATISTICS

QUEBEC

YEAR	ACREAGE (acres)	PRICE ($/cwt)	YLD/AC (cwt)	VALUE/AC ($)	TOTAL ALL MKTD(cwt)
1976	43,000	3.89	167	649.63	7,158,000
1977	44,200	4.12	193	795.16	7,043,000
1978	44,200	3.90	178	694.20	6,936,750
1979	44,700	3.31	205	678.55	7,924,000
1980	42,000	7.12	188	1,338.56	6,911,000
1981	42,500	5.99	177	1,060.23	6,707,000
1982	44,000	5.18	194	1,004.92	7,784,100
1983	44,000	7.82	148	1,157.36	5,998,000
1984	47,000	5.36	192	1,029.12	6,854,000
1985	47,900	4.12	211	869.32	8,639,189

DISPOSITION

	TABLE				SEED					
	DOMESTIC (cwt)	EXPORT (cwt)	TOTAL (cwt)	%	DOMESTIC (cwt)	EXPORT (cwt)	TOTAL (cwt)	%	LOCAL USE PROC.(cwt)	%
1976	4,074,440	2,500	4,076,940	57%	306,000	0	306,000	4%	2,775,060	39%
1977	4,495,446	53,934	4,549,380	65%	335,000	0	335,000	5%	2,160,620	31%
1978	4,408,548	3,651	4,412,199	64%	457,000	750	457,750	7%	2,066,801	30%
1979	4,692,049	157,516	4,849,565	61%	707,386	0	707,386	9%	2,367,049	30%
1980	5,086,281	197,369	5,283,650	76%	560,459	0	560,459	8%	1,066,891	15%
1981	4,397,158	54,911	4,452,069	66%	336,803	1,000	337,803	5%	1,917,128	29%
1982	4,976,217	83,092	5,059,309	65%	493,930	100	494,030	6%	2,230,761	29%
1983	3,763,611	760	3,764,371	63%	486,476	0	486,476	8%	1,747,153	29%
1984	4,005,930	263,467	4,269,397	62%	500,730	0	500,730	7%	2,083,873	30%
1985	5,567,146	22,947	5,590,093	65%	842,497	189	842,686	10%	2,206,410	26%

SOURCE: Profile of the Canadian Potato Industry

TABLE A-IX (cont'd)

CANADIAN POTATO STATISTICS

ONTARIO

YEAR	ACREAGE (acres)	PRICE ($cwt)	YLD/AC (cwt)	VALUE/AC ($)	TOTAL ALL MKTD(cwt)
1976	45,500	3.92	208	815.36	9,318,000
1977	48,100	3.04	224	680.96	9,339,000
1978	44,400	4.00	209	836.00	7,561,000
1979	45,000	3.16	205	647.80	7,755,000
1980	40,900	7.87	197	1,550.39	7,280,000
1981	39,100	6.20	200	1,240.00	7,142,000
1982	39,400	4.44	205	910.20	7,464,000
1983	38,000	7.82	195	1,524.90	6,797,000
1984	39,400	6.76	191	1,291.16	6,912,000
1985	37,500	5.26	205	1,078.30	7,658,000

DISPOSITION

	TABLE				SEED					
YEAR	DOMESTIC (cwt)	EXPORT (cwt)	TOTAL (cwt)	%	DOMESTIC (cwt)	EXPORT (cwt)	TOTAL (cwt)	%	LOCAL USE & PROC.(cwt)	%
1976	4,449,523	171,581	4,621,104	50%	272,961	37,039	310,000	3%	4,386,896	47%
1977	4,831,549	99,355	4,930,904	53%	314,524	26,476	341,000	4%	4,067,096	44%
1978	3,290,348	34,992	3,325,340	44%	324,225	7,775	332,000	4%	3,903,660	52%
1979	3,806,778	247,495	4,054,273	52%	470,592	5,641	476,233	6%	3,224,494	42%
1980	2,771,425	230,650	3,002,075	41%	382,644	11,864	394,508	5%	3,883,417	53%
1981	2,475,812	200,325	2,676,137	37%	395,290	5,812	401,102	6%	4,064,761	57%
1982	2,958,074	204,169	3,162,243	42%	259,589	1,125	260,714	3%	4,041,043	54%
1983	2,488,525	47,554	2,536,079	37%	258,240	2,475	260,715	4%	4,000,206	59%
1984	2,070,537	175,341	2,245,878	32%	87,308	0	87,308	1%	4,578,814	66%
1985	3,050,734	22,227	3,072,961	40%	288,742	48	288,790	4%	4,296,249	56%

SOURCE: Profile of the Canadian Potato Industry

TABLE A-IX (cont'd)

CANADIAN POTATO STATISTICS

MANITOBA

YEAR	ACREAGE (acres)	PRICE ($cwt)	YLD/AC (cwt)	VALUE/AC ($)	TOTAL ALL MKTD(cwt)
1976	34,500	3.13	122	381.86	4,714,100
1977	37,000	3.67	149	546.83	6,066,560
1978	37,000	3.61	184	664.24	7,447,855
1979	37,000	3.61	168	606.48	6,216,000
1980	39,500	5.32	160	851.20	6,300,810
1981	40,900	5.26	168	883.68	6,871,200
1982	39,400	5.76	147	846.72	5,807,000
1983	39,700	6.06	144	872.64	5,717,000
1984	41,300	6.14	145	890.30	5,988,500
1985	44,500	5.71	190	1,084.90	7,505,000

DISPOSITION

	TABLE			SEED						
YEAR	DOMESTIC (cwt)	TOTAL (cwt)	%	DOMESTIC (cwt)	EXPORT (cwt)	TOTAL (cwt)	%	LOCAL USE & PROC.(cwt)	%	EXPORT PROC(cwt)
1976	514,100	514,100	11%	NA	0	0	0%	4,025,770	85%	174,230
1977	559,960	559,960	9%	6,600	0	6,600	0%	5,324,780	88%	175,220
1978	620,380	620,380	8%	27,475	0	27,475	0%	6,552,101	88%	247,899
1979	604,890	604,890	10%	479,070	0	479,070	8%	4,984,310	80%	147,730
1980	467,850	467,850	7%	549,997	0	549,997	9%	4,961,857	79%	321,106
1981	685,660	685,660	10%	519,941	0	519,941	8%	5,201,199	76%	464,400
1982	587,760	587,760	10%	418,134	4,500	422,634	7%	4,569,016	79%	227,590
1983	743,580	743,580	13%	339,777	0	339,777	6%	4,433,383	78%	200,260
1984	632,760	632,760	11%	418,727	0	418,727	7%	4,566,007	76%	371,006
1985	637,030	637,030	8%	677,123	931	678,054	9%	5,964,848	79%	225,068

SOURCE: Profile of the Canadian Potato Industry

TABLE A-IX (cont'd)

CANADIAN POTATO STATISTICS

SASKATCHEWAN

YEAR	ACREAGE (acres)	PRICE ($/cwt)	YLD/AC (cwt)	VALUE/AC ($)	TOTAL ALL MKTD(cwt)
1976	2,000	3.55	220	781.00	440,000
1977	1,900	4.50	247	1,111.50	470,000
1978	2,000	6.16	212	1,305.92	360,000
1979	2,200	6.90	186	1,283.40	316,200
1980	2,300	11.50	190	2,185.00	323,000
1981	2,500	12.00	155	1,860.00	387,000
1982	2,600	10.00	190	1,900.00	494,000
1983	2,400	12.00	170	2,040.00	408,000
1984	2,400	13.27	190	2,521.30	456,000
1985	2,700	4.80	230	1,104.00	598,000

DISPOSITION

	TABLE				SEED					
YEAR	DOMESTIC (cwt)	EXPORT (cwt)	TOTAL (cwt)	%	DOMESTIC (cwt)	EXPORT (cwt)	TOTAL (cwt)	%	LOCAL USE & PROC.(cwt)	%
1976	440,000	0	440,000	100%	NA	NA	0	0%	0	0%
1977	470,000	0	470,000	100%	NA	NA	0	0%	0	0%
1978	360,000	0	360,000	100%	NA	NA	0	0%	0	0%
1979	297,359	0	297,359	94%	18,841	0	18,841	6%	0	0%
1980	293,757	0	293,757	91%	29,243	0	29,243	9%	0	0%
1981	349,225	0	349,225	90%	37,775	0	37,775	10%	0	0%
1982	455,650	0	455,650	92%	38,350	0	38,350	8%	0	0%
1983	316,811	0	316,811	78%	91,189	0	91,189	22%	0	0%
1984	398,053	0	398,053	87%	57,947	0	57,947	13%	0	0%
1985	514,054	0	514,054	86%	83,942	4	83,946	14%	0	0%

SOURCE: Profile of the Canadian Potato Industry

TABLE A-IX (cont'd)

CANADIAN POTATO STATISTICS

ALBERTA

YEAR	ACREAGE (acres)	PRICE ($/cwt)	YLD/AC (cwt)	VALUE/AC ($)	TOTAL ALL MKTD(cwt)
1976	16,200	3.95	222	876.90	3,600,000
1977	17,100	4.68	218	1,020.24	3,721,000
1978	16,200	4.31	206	887.86	3,336,000
1979	17,300	4.18	225	940.50	3,893,000
1980	16,300	5.20	256	1,331.20	4,173,000
1981	16,600	5.40	229	1,236.60	3,801,000
1982	18,000	4.85	235	1,139.75	4,230,000
1983	18,500	5.75	238	1,368.50	4,400,000
1984	20,600	5.50	228	1,254.00	4,675,000
1985	23,800	4.75	230	1,092.50	4,800,000

DISPOSITION

	TABLE				SEED					
YEAR	DOMESTIC (cwt)	EXPORT (cwt)	TOTAL (cwt)	%	DOMESTIC (cwt)	EXPORT (cwt)	TOTAL (cwt)	%	LOCAL USE & PROC.(cwt)	%
1976	725,110	0	725,110	20%	NA	NA	0	0%	2,874,890	80%
1977	677,920	0	677,920	18%	NA	4,281	4,281	0%	3,038,799	82%
1978	637,160	0	637,160	19%	NA	14,065	14,065	0%	2,684,775	80%
1979	682,750	0	682,750	18%	211,153	9,774	220,927	6%	2,989,323	77%
1980	827,650	91,082	918,732	22%	284,411	74,384	358,795	9%	2,895,473	69%
1981	756,020	0	756,020	20%	251,783	61,504	313,287	8%	2,731,693	72%
1982	838,200	6,765	844,965	20%	297,227	92,852	390,079	9%	2,994,956	71%
1983	774,590	4,785	779,375	18%	373,116	143,796	516,912	12%	3,103,713	71%
1984	851,380	1,803	853,183	18%	338,193	211,418	549,611	12%	3,272,206	70%
1985	832,650	1,300	833,950	17%	551,634	227,567	779,201	16%	3,186,849	66%

SOURCE: Profile of the Canadian Potato Industry

TABLE A-IX (cont'd)

CANADIAN POTATO STATISTICS

BRITISH COLUMBIA

YEAR	ACREAGE (acres)	PRICE ($cwt)	YLD/AC (cwt)	VALUE/AC ($)	TOTAL ALL MKTD(cwt)
1976	10,800	3.50	239	836.50	2,829,540
1977	11,400	3.90	255	994.50	2,536,100
1978	10,300	5.90	220	1,298.00	1,825,350
1979	10,500	3.95	260	1,027.00	2,462,871
1980	9,000	8.69	240	2,085.60	1,702,687
1981	8,700	8.39	190	1,594.10	1,280,123
1982	9,000	6.92	230	1,591.60	1,794,159
1983	9,100	7.46	220	1,641.20	1,619,887
1984	9,100	6.88	230	1,582.40	1,307,693
1985	9,200	5.52	240	1,324.80	1,383,923

DISPOSITION

	TABLE				SEED					
YEAR	DOMESTIC (cwt)	EXPORT (cwt)	TOTAL (cwt)	%	DOMESTIC (cwt)	EXPORT (cwt)	TOTAL (cwt)	%	LOCAL USE & PROC.(cwt)	%
1976	1,272,660	0	1,272,660	45%	332,771	44,229	377,000	13%	1,179,880	42%
1977	1,488,770	0	1,488,770	59%	345,494	50,506	396,000	16%	651,330	26%
1978	1,238,610	0	1,238,610	68%	240,737	35,263	276,000	15%	310,740	17%
1979	1,762,980	0	1,762,980	72%	309,938	23,933	333,871	14%	366,020	15%
1980	1,293,480	0	1,293,480	76%	214,848	36,059	250,907	15%	158,300	9%
1981	954,030	0	954,030	75%	131,913	40,100	172,013	13%	154,080	12%
1982	1,395,000	0	1,395,000	78%	227,799	9,360	237,159	13%	162,000	9%
1983	1,168,080	0	1,168,080	72%	251,687	16,000	267,687	17%	184,120	11%
1984	955,039	1,173	956,212	73%	200,031	18,000	218,031	17%	133,450	10%
1985	906,250	1,000	907,250	66%	214,970	107,283	322,253	23%	154,420	11%

SOURCE: Profile of the Canadian Potato Industry

APPENDIX B

LIST OF INTERVENORS

PRODUCER ORGANIZATIONS

Chipping Potato Growers' Association of Manitoba
Winkler, Manitoba

Ontario Seed Potato Growers' Association
Everett, Ontario

U.S. National Potato Council
Washington, D.C.
U.S.A.

P.E.I. Potato Board
Charlottetown, P.E.I.

Ontario Potato Growers' Marketing Board
Ontario Fresh Potato Growers' Marketing Board
Burlington, Ontario

P.E.I. Potato Producers' Association
Charlottetown, P.E.I.

N.S. Potato Marketing Board
Kentville, Nova Scotia

Fédération des producteurs de pommes de terre du Québec
Longueuil, Québec

Newfoundland Vegetable Marketing Board
St. John's, Newfoundland

Fédération des agriculteurs et agricultrices francophones du Nouveau-Brunswick
Edmunston, N.B.

Groupes des producteurs de pommes de terre pour la croustille du Québec
Longueuil, Québec

N.B. Potato Agency
Florenceville, N.B.

South Simcoe Potato Growers' Association
Everett, Ontario

Keystone Vegetable Producers' Association Inc.
Portage la Prairie, Manitoba

Alberta Potato Commission
Calgary, Alberta

P.E.I. Count Potato Assoc.
Summerside, P.E.I.

B.C. Vegetable Marketing Commission
Surrey, British Columbia

National Farmers Union
District 1, Region 1
Perth, New Brunswick

Ontario Fruit & Vegetable Growers' Association
Toronto, Ontario

N.B. Potato Association
District #5
Grand Falls, New Brunswick

Saskatchewan Vegetable Marketing Commission
Outlook, Saskatchewan

Association des producteurs de pommes de terre élite du Québec
Rivière-du-Loup, Québec

Manitoba Vegetable Producers
Marketing Board
Winnipeg, Manitoba

INDIVIDUAL PRODUCERS

Kroeker Farms Ltd.
Winkler, Manitoba

Keenan Farms Ltd.
Souris, P.E.I.

Mid-Isle Farms
Albany, P.E.I.

Normand Bournival
St.Étienne-des-Grès, Québec

Frank Racz
St-Thomas de Joliette, Québec

Heaney Farms
Kensington, P.E.I.

R.J.M. Farms Ltd.
Alliston, Ontario

Independent Group of Potato Growers
Montague, P.E.I.

R.K. Beattie Ltd.
W.H. Dorsey Potatoes Ltd.
R.J.M. Farms Ltd.
Alliston, Ontario

Harry Parfitt
North Bay, Ontario

Adams Farms
Grand Bend, Ontario

POTATO PROCESSORS/PROCESSOR ORGANIZATIONS

Pak-Well Produce Ltd.
Vauxhall Foods Ltd.
Vauxall, Alberta

P.E.I. Potato Processing Council
Richmond, P.E.I.

Ontario Potato Processors Assoc.
Cambridge, Ontario

W.D. Potato Limited
Beeton, Ontario

Canadian Potato/Chip Snack Food Association
Ottawa, Ontario

Hostess Food Products Ltd.
Taber, Alberta

McCain Foods Limited
Woodstock, N.B.

Canadian Food Processors Assoc.
Ottawa, Ontario

Carnation Foods Company Ltd.
Don Mills, Ontario

Cavendish Farms
Charlottetown, P.E.I.

Association des transformateurs de pommes de terre du Québec
Montreal, Québec

Hostess Food Products Ltd.
Kentville, Nova Scotia

The Major Canadian Potato Processors
- McCain Foods Ltd.
- Cavendish Farms
- York Farms
- Nestlés Enterprises
Ottawa, Ontario

Humpty-Dumpty Foods Ltd.
Montreal, Québec

FEDERAL & PROVINCIAL GOVERNMENT ORGANIZATIONS

N.B. Department of Agriculture
Fredericton, N.B.

Newfoundland Agricultural Products Marketing Board
St. John's, Newfoundland

Saskatchewan Natural Products Marketing Council
Regina, Saskatchewan

Minister of Agriculture for Manitoba
Manitoba Natural Products Marketing Council
Winnipeg, Manitoba

Consumers & Corporate Affairs
Director of Investigation & Research
Competition Act
Ottawa, Ontario

Minister of Rural Agriculture and Northern Development
Province of Newfoundland
St. John's, Newfoundland

Minister of Agriculture
Province of P.E.I.
Charlottetown, P.E.I.

Minister of Economic Development and Tourism
Government of N.W.T.
Yellowknife, Northwest Territories

OTHERS

Retail Council of Canada
Toronto, Ontario

N.B. Potato Shippers Assoc.
Perth-Andover, N.B.

Regulated Industries Program
Consumers' Association of Canada
Ottawa, Ontario

Newfoundland Branch of Agricultural Institute of Canada
St. John's, Newfoundland

M. Robert Plourde
Économiste
Hull, Québec

Social Action Commission
Diocese of Charlottetown
Charlottetown, P.E.I.

Dr. J.D. Forbes
Economist
Vancouver, B.C.

Grocery Products Manufacturers of Canada
Don Mills, Ontario

P.E.I. Dealers' Association
Souris, P.E.I.

APPENDIX C
CONCLUSIONS AND RECOMMENDATIONS FROM THE 1980 REPORT OF THE NFPMC ON THE MERITS OF FORMING A POTATO MARKETING AGENCY FOR EASTERN CANADA

V. CONCLUSIONS

It is the conclusion of the National Farm Products Marketing Council that:

1. The marketing structure, particularly in the Maritimes, has not served or protected the interests of potato producers. Revisions made to written briefs, reticence under questioning, and confidential communications, indicate marketing conditions where the producer is always the final "risk taker" for the industry. There were sufficient revelations to the Council to indicate that questionable practices are occurring, including intimidation. The potential exists for such conditions to be widespread.

2. The dependence of the grower on a buyer-agent as the sole market outlet, or the lack of cooperation between producers within a province, has doubtless inhibited the development of strong grower organizations. Producer organizations, particularly in the Maritimes, were found to have been ineffective in the past in providing the leadership, market information and advice, and those other supporting measures necessary to improve their bargaining position. Provincial organizations have tended to operate in competition with each other rather than in cooperation.

3. The formation of the Eastern Canada Potato Producers Council is a recognition of weakness of interprovincial cooperation and the need for increased producer marketing strength. At present, however, this organization is in the early stage of development and requires financial assistance and support if it is to be effective in coordinating provincial organizations.

4. A majority of producers would accept and agree to the formation of an Eastern Canada Potato Marketing Agency.

5. There was not sufficient evidence from producers to support the granting of powers of supply management at this time. Negotiation of acceptable quota levels would be most difficult and is a source of serious concern in all provinces. Some provincial governments would require a two-thirds majority vote by producers before the application of supply management controls. The lack of development of grower organizations in contrast to the wholesale domination of growers by the dealer-buyer network would suggest any such vote-taking as premature until a coordination of provincial interests is possible.

6. Producers represented by the National Farmers Union support the imposition of a strong potato marketing commission, along the lines of the Canadian Wheat Board, as the sole marketing agent for potatoes in Eastern Canada. This approach would require a special act of Parliament and provincial cooperation.

7. Processors would probably accept an agency with powers limited to the supply of certain information, improvement in quality, efficiency and stability of production, but which did not exercise any authority which might directly affect their current operations.

8. A majority of the remaining organizations and individuals who submitted briefs favour the establishment of an agency. There were mixed views concerning the powers that should be granted: many recommended that the agency should not have powers of supply control while some proposed that it should have more extensive powers.

VI. RECOMMENDATIONS

In order to permit the industry to become familiar with the functions of an agency, the provinces to gain experience in working together, and the federal government to proceed without any changes to the Farm Products Marketing Agencies Act, the National Farm Products Marketing Council recommends that:

1. A marketing agency be formed and proclaimed under section 18 of the Farm Products Marketing Agencies Act. The agency shall:
   a) exercise its powers in respect to all potatoes grown in the provinces of Ontario, Quebec, New Brunswick, Prince Edward Island and Nova Scotia;

   b) have all the powers included in section 23 except that related to fixing and determining the quantity of potatoes to be marketed in interprovincial or export trade;

   c) be known as the Eastern Canada Potato Marketing Agency;

   d) have a Board of Directors comprised of two producer representatives from each province and two members representing other sectors of the industry and consumers. All members shall be appointed by the Governor-in-Council on the recommendation of the Minister of Agriculture. The Chairman shall be elected annually by the Board members from among the appointed members of the Board.

2. The plan should incorporate a mandatory provision to review the plan within two years from the date of proclamation.

3. Upon proclamation of the establishment of the agency, approval should be given for payment of a grant of $100,000 authorized in Section 29(1) of the Act.